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Dear Mr Bangham

Planned audit fee for 2017/18

The Local Audit and Accountability Act 2014 provides the framework for local public audit. Under these provisions, the Secretary of State for Communities and Local Government delegated some statutory functions from the Audit Commission Act 1998 to Public Sector Audit Appointments Limited (PSAA) on a transitional basis.

PSAA will oversee the Audit Commission's audit contracts for local government and police bodies until they end in 2018, following the announcement by the Department for Communities and Local Government (DCLG) that it will extend transitional arrangements until the conclusion of the 2017/18 audits. PSAA's responsibilities include setting fees, appointing auditors and monitoring the quality of auditors' work. Further information on PSAA and its responsibilities are available on the [PSAA website](#).

From 2018/19 PSAA has been specified by the Secretary of State as an appointing person for principal local government and police bodies. It will make auditor appointments and set fees for bodies that have opted into its national auditor appointment scheme.

Scale fee

PSAA prescribes that 'scale fees are based on the expectation that audited bodies are able to provide the auditor with complete and materially accurate financial statements, with supporting working papers, within agreed timescales'.

There are no changes to the overall work programme for police audited bodies for 2017/18. PSAA therefore set the 2017/18 scale audit fees at the same level as the scale fees applicable for 2016/17. The scale fee for 2017/18 for the Chief Constable for West Mercia has been set by PSAA at £18,750.

The audit planning process for 2017/18, including the risk assessment will continue as the year progresses. Fees will be reviewed and updated as necessary as our work progresses.

Chartered Accountants

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Scope of the audit fee

Under the provisions of the Local Audit and Accountability Act 2014, the National Audit Office (NAO) is responsible for publishing the statutory Code of Audit Practice and guidance for auditors from April 2015. Audits for 2017/18 will be undertaken under this Code, on the basis of the [2017/18 work-programme and scales of fees](#) set out on the PSAA website. Further information on the NAO Code and guidance is available on the [NAO website](#).

The scale fee covers:

- our audit of your financial statements;
- our work to reach a conclusion on the economy, efficiency and effectiveness in your use of resources (the value for money conclusion); and
- our work on your whole of government accounts return (if applicable).

PSAA will agree fees for considering objections from the point at which auditors accept an objection as valid, or any special investigations, as a variation to the scale fee.

Value for Money conclusion

The Code requires us to consider whether the Chief Constable has put in place proper arrangements for securing economy, efficiency and effectiveness in their use of resources. This is known as the Value for Money (VfM) conclusion.

The NAO issued its guidance for auditors on value for money work in November 2016. The guidance states that, for police bodies, auditors are required to give a conclusion on whether the Chief Constable has put proper arrangements in place.

The NAO guidance identifies one single criterion for auditors to evaluate:

In all significant respects, the audited body had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people.

Billing schedule

Fees will be billed as follows:

Audit fee	£
September 2017	4,687.50
December 2017	4,687.50
March 2018	4,687.50
June 2018	4,687.50
Total	18,750.00

Outline audit timetable

We will undertake our audit planning and interim audit procedures in December 2017 to March 2018. Upon completion of this phase of our work, we will issue a detailed audit plan setting out our findings and details of our audit approach. Our final accounts audit and work on the VfM conclusion will be completed in June-July 2018 and work on the whole of government accounts return in line with timescales to be set by the Department for Communities and Local Government.

Phase of work	Timing	Outputs	Comments
Audit planning and interim audit	December 2017 to March 2018	Joint Audit plan	The plan summarises the findings of our audit planning and our approach to the audit of the Chief Constable accounts and VfM arrangements.
Final accounts audit	June to July 2018	Joint Audit Findings (Report to the Chief Constable as the individual charged with governance)	This report sets out the findings of our accounts audits and VfM work for the consideration of the Chief Constable as the individual charged with governance.
VfM conclusion	December 2017 to July 2018	Joint Audit Findings (Report to the Chief Constable as the individual charged with governance)	As above
Whole of government accounts	July 2018 (subject to timescales to be announced by CLG)	Opinion on the WGA return	This work will be completed alongside the accounts audit.
Annual audit letter	Autumn 2018	Annual audit letter to the Chief Constable	The letter will summarise the findings of all aspects of our work.

Our team

The key members of the audit team for 2017/18 are:

	Name	Phone Number	E-mail
Engagement Lead	Alex Walling	(0)788 045 6142	alex.j.walling@uk.gt.com
Engagement Manager	Joan Barnett	(0)788 045 6101	joan.m.barnett@uk.gt.com
In Charge Auditor	Martin Stevens	(0)121 232 5313	martin.p.stevens@uk.gt.com

Additional work

The scale fee excludes any work the Chief Constable may request that we may agree to undertake outside of our Code audit. Any such additional pieces of work will be separately agreed and a separate project specification and fee will be agreed with the Chief Constable.

Quality assurance

We are committed to providing you with a high quality service. If you are in any way dissatisfied, or would like to discuss how we can improve our service, please contact me in the first instance. Alternatively, you may wish to contact Mark Stocks, our Public Sector Assurance regional lead partner, via mark.c.stocks@uk.gt.com.

Yours sincerely

JM Barnett

pp Alex Walling
Engagement Lead

For Grant Thornton UK LLP