

# External Audit Plan

Year ending 31 March 2023

Essex Police, Fire and Crime  
Commissioner Fire and Rescue  
Authority

June 2023



# Contents



## Your key Grant Thornton team members are:

### Joanne Brown

Key Audit Partner

T 0141 223 0848

E [Joanne.E.Brown@uk.gt.com](mailto:Joanne.E.Brown@uk.gt.com)

### Parris Williams

Senior Manager

T 020 7728 2542

E [Parris.Williams@uk.gt.com](mailto:Parris.Williams@uk.gt.com)

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# Key matters



## HMICFRS

In September 2021, HMICRS carried out a follow up of a cause of concern first raised in 2019. The cause of concern pertained to the Authority having insufficient resources to meet its risk-based inspection programme. This follow-up concluded that the cause of concern had not been fully addressed. In January 2023, HMICFRS revisited the service to consider progress against the cause of concern. HMICFRS did not discharge the cause of concern so it will still monitor progress against this issue in its future reports. Despite the concern of concern not being discharged, the overall conclusion of HMICFRS was positive about work done by the service to address the issue.

*“The team was pleased to see the steps taken to address aspects of the cause of concern. We recognise the scale of the work needed and the efforts being made by staff. We found the service committed to making the changes necessary to ensure that the public is protected through fire regulation, but there is more work to do. The service must continue this journey of improvement” (HMICFRS: 15 February 2023).*

## Finances

In January 2023, the Authority published an updated medium term financial strategy (MTFS). The MTFS included the requirement for the Authority to make £21.4m cumulative savings between 2022/23 and 2025/26. To put into context, a cumulative savings requirement of £21.4m is equivalent to the Authority making 5.5% savings on its total expenditure budget each year. Even if the Authority delivers these savings, the position is still supported using £1.3m of the general reserve and a further £4.9m of earmarked reserves for specific one-off projects.

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# Key matters

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## Our Responses

- As a firm, we are absolutely committed to audit quality and financial reporting in the local government sector. Our proposed work and fee, as set out further in our Audit Plan, has been agreed with the Chief of Finance.
- We will consider your arrangements for managing and reporting your financial resources as part of our audit in completing our Value for Money work. We plan to undertake single piece of work covering both the 2021-22 and 2022-23 financial period as permitted by the NAO Guidance.
- Our value for money work will also consider your arrangements relating to governance and improving economy, efficiency and effectiveness.
- We will continue to provide you and your Audit Committee with sector updates providing our insight on issues from a range of sources and other sector commentators via our Audit Committee updates.
- We hold annual financial reporting workshops for our audited bodies to access the latest technical guidance and interpretation , discuss issues with our experts and create networking links with other audited bodies to support consistent and accurate financial reporting across the sector.



# Introduction and headlines

## Purpose

This document provides an overview of the planned scope and timing of the statutory audit of Essex Police, Fire and Crime Commissioner Fire and Rescue Authority ('the Authority') for those charged with governance.

## Respective responsibilities

The National Audit Office ('the NAO') has issued a document entitled Code of Audit Practice ('the Code'). This summarises where the responsibilities of auditors begin and end and what is expected from the audited body. Our respective responsibilities are also set out in the agreed engagement letter.

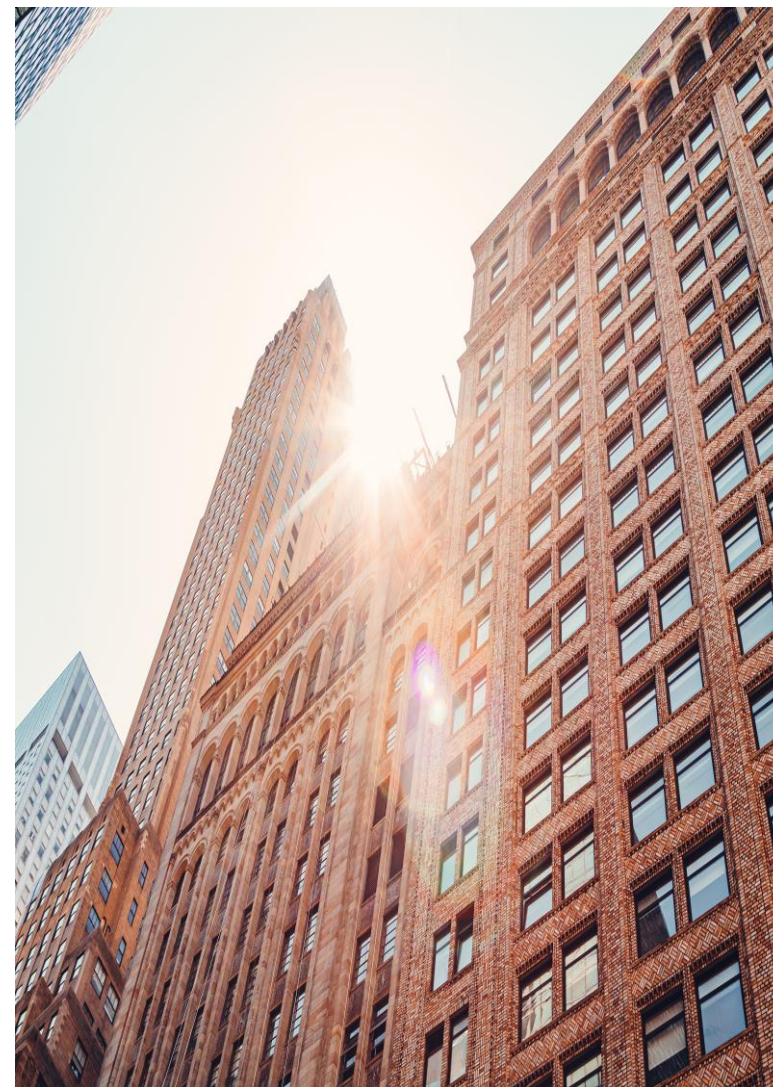
## Scope of our audit

The scope of our audit is set in accordance with the Code and International Standards on Auditing (ISAs) (UK). We are responsible for forming and expressing an opinion on the

- Authority's financial statements that have been prepared by management with the oversight of those charged with governance the Essex Police, Fire and Crime Commissioner); and
- we consider whether there are sufficient arrangements in place at the Authority for securing economy, efficiency and effectiveness in your use of resources. Value for money relates to ensuring that resources are used efficiently to maximise the outcomes that can be achieved.

The audit of the financial statements does not relieve management or the Authority of your responsibilities. It is the responsibility of the Authority to ensure that proper arrangements are in place for the conduct of its business, and that public money is safeguarded and properly accounted for. We have considered how the Authority is fulfilling these responsibilities.

Our audit approach is based on a thorough understanding of the Authority's business and is risk based.



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# Introduction and headlines

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## Significant risks

Those risks requiring special audit consideration and procedures to address the likelihood of a material financial statement error have been identified as:

- The risk that the valuation of land and buildings in the accounts is materially misstated.
- The risk that the valuation of the net pension fund liability in the accounts is materially misstated.
- The risk of management override of controls.

We will communicate significant findings on these areas as well as any other significant matters arising from the audits to you in our Audit Findings (ISA 260) Report.

## Value for Money arrangements

We plan to carry out our Value for Money work to cover both the 2021/22 financial period and the 2022/23 financial period. This has been agreed with the Chief Finance Officer. As per our initial risk assessment, we have not identified any risks of significant weaknesses in arrangements.

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# Introduction and headlines

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## Materiality

We have determined planning materiality to be £1.6m (PY £1.57m) for the Authority, which equates to 2% of your prior year gross expenditure for the year. We are obliged to report uncorrected omissions or misstatements other than those which are 'clearly trivial' to those charged with governance. Clearly trivial has been set at £80k (PY £78.5k).

## New Auditing Standards

There are two auditing standards which have been significantly updated this year. These are ISA 315 (Identifying and assessing the risks of material misstatement) and ISA 240 (the auditor's responsibilities relating to fraud in an audit of financial statements). We provide more detail on the work required later in this plan.

## Audit logistics

Our interim visit took place in April 2023 and we are currently in discussions with management to agree the start date of the final accounts visit. Our key deliverables are this Audit Plan, our Audit Findings Report and Auditor's Annual Report.

Our fee for the audit will be £51,480 (PY: £57,791\*) and is subject to the Authority delivering a good set of financial statements and working papers.

We have complied with the Financial Reporting Council's Ethical Standard (revised 2019) and we as a firm, and each covered person, confirm that we are independent and are able to express an objective opinion on the financial statements.

*\*The prior year audit fee includes a fee variation of £12,811 pertaining to additional work required on the 2021/22 audit. The fee variation has been agreed by your Chief Finance Officer.*

# Significant risks explained

Significant risks are defined by ISAs (UK) as risks that, in the judgement of the auditor, require special audit consideration. In identifying risks, audit teams consider the nature of the risk, the potential magnitude of misstatement, and its likelihood. Significant risks are those risks that have a higher risk of material misstatement.

'Significant risks often relate to significant non-routine transactions and judgmental matters. Non-routine transactions are transactions that are unusual, due to either size or nature, and that therefore occur infrequently. Judgmental matters may include the development of accounting estimates for which there is significant measurement uncertainty.' (ISA (UK) 315)

Management should expect engagement teams to challenge management in areas that are complex, significant or highly judgmental which may be the case for accounting estimates and similar areas. Management should also expect to provide to engagement teams with sufficient evidence to support their judgments and the approach they have adopted for key accounting policies referenced to accounting standards or changes thereto.

Where estimates are used in the preparation of the financial statements management should expect teams to challenge management's assumptions and request evidence to support those assumptions.



# Significant risks identified

Risk	Reason for risk identification	Key aspects of our proposed response to the risk
The revenue cycle includes fraudulent transactions <b>(rebutted)</b>	<p>Under ISA (UK) 240 there is a rebuttable presumed risk that revenue may be misstated due to the improper recognition of revenue.</p> <p>This presumption can be rebutted if the auditor concludes that there is no risk of material misstatement due to fraud relating to revenue recognition.</p> <p><b>(rebutted)</b></p>	<p>Having considered the risk factors set out in ISA240 and the nature of the revenue streams at the Authority, we have determined that the risk of fraud arising from revenue recognition can be rebutted, because:</p> <ul style="list-style-type: none"> <li>• There is little incentive to manipulate revenue recognition;</li> <li>• Opportunities to manipulate revenue recognition are very limited; and,</li> <li>• The culture and ethical frameworks of local authorities, including Essex Police, Fire and Crime Commissioner and Fire and Rescue Authority, mean that that all forms of fraud are seen as unacceptable.</li> </ul> <p><b>Therefore we do not consider this to be a significant risk for the including Essex Police, Fire and Crime Commissioner and Fire and Rescue Authority.</b></p>
Management over-ride of controls	<p>Under ISA (UK) 240 there is a non-rebuttable presumed risk that the risk of management over-ride of controls is present in all entities. The Authority/Fund faces external scrutiny of its spending and this could potentially place management under undue pressure in terms of how they report performance.</p> <p>We therefore identified management override of controls, in particular regarding journals, management estimates and transaction outside the course of business as a significant risk of material misstatement.</p>	<p>We will:</p> <ul style="list-style-type: none"> <li>• Evaluate the design effectiveness of management controls over journals;</li> <li>• Analyse the journals listing and determine the criteria for selecting high risk unusual journals;</li> <li>• Test unusual journals recorded during the year and after the draft accounts stage for appropriateness and corroboration;</li> <li>• Gain an understanding of the accounting estimates and critical judgements applied made by management and consider their reasonableness with regard to corroborative evidence; and</li> <li>• Evaluate the rationale for any changes in accounting policies, estimates or significant unusual transactions.</li> </ul>

# Significant risks identified cont.

Risk	Reason for risk identification	Key aspects of our proposed response to the risk
Valuation of land and buildings	<p>Each year, management revalue all of their land and buildings to ensure the carrying value is not materially different from the current value (or fair value for Surplus assets) as at the balance sheet date.</p> <p>This valuation represents a significant estimate by management in the financial statements due to the size of the numbers involved (£126m at prior year end) and the sensitivity of this estimate to changes in key assumptions.</p> <p>We therefore identified valuation of land buildings as a significant risk of material misstatement.</p> <p><b>Pinpointing the risk:</b></p> <p>We plan to pinpoint the significant risk around the following</p> <ul style="list-style-type: none"> <li>• assets which are material;</li> <li>• assets where the valuation movement differs significantly to what we would expect based on indices;</li> <li>• assets where we are aware of a significant change in any of the key assumptions from the prior period; and</li> <li>• any other factors which in our auditor judgement increases the risk of material misstatement in a particular asset</li> </ul> <p>The pinpointing of the risk around specific items can only be performed at the final accounts stage once we have been able to perform the above risk assessment procedures.</p>	<p>We will:</p> <ul style="list-style-type: none"> <li>• Evaluate management's processes and assumptions for the calculation of the estimate, the instructions issued to valuation experts and the scope of their work;</li> <li>• Evaluate the competence, capabilities and objectivity of the valuation expert;</li> <li>• Write to the valuer to confirm the basis on which the valuation was carried out;</li> <li>• Challenge the information and assumptions used by the valuer to assess completeness and consistency with our understanding, the valuer's report and the assumptions that underpin the valuation;</li> <li>• Engage our own auditor's expert to provide assurance that the Build Cost assumption used by your valuer is reasonable</li> <li>• Test revaluations made during the year to see if they had been input correctly into your asset register; and</li> <li>• Evaluate the assumptions made by management for those assets not revalued during the year and how management has satisfied themselves that these are not materially different to current value at year end.</li> </ul>

# Significant risks identified cont.

Risk	Reason for risk identification	Key aspects of our proposed response to the risk
Valuation of the pension fund net liability	<p>The Authority's pension fund net liability, in relation to both the local Government Pension Scheme and the Firefighters Pension Scheme, as reflected in its balance sheet as the net defined benefit liability, represents a significant estimate in the financial statements.</p> <p>The pension fund net liability is considered a significant estimate due to the size of the numbers involved (£902m in the Authority's balance sheet at prior year end) and the sensitivity of the estimate to changes in key assumptions. There is also the added risk of uncertainty of movements in fund asset values due to the instability brought by the conflict in Ukraine/Russia.</p> <p>We therefore identified valuation of the Authority's pension fund net liability as a significant risk of material misstatement.</p> <p><b>Triennial valuation of the LGPS</b></p> <p>The Authority is a scheduled body to Essex Local Government Pension Scheme. The latest triennial valuation for Essex Pension Fund has recently been published. This valuation, which is at 31 March 2022, provides updated information for the net pension liability on the Authority's balance sheet, particularly in respect of membership data and demographic assumptions.</p> <p>Your actuary will therefore use this information as part its actuarial as at 31 March 2023. Additional audit work will therefore be required, particularly around membership data. We will also be requesting additional assurances from the auditor of the pension fund.</p>	<p>We will:</p> <ul style="list-style-type: none"> <li>• Update our understanding of the processes and controls put in place by management to ensure that the group's pension fund net liability is not materially misstated and evaluate the design of the associated controls;</li> <li>• Evaluate the instructions issued by management to their management expert (an actuary) for this estimate and the scope of the actuary's work;</li> <li>• Assess the competence, capabilities and objectivity of the actuary who carried out the group's pension fund valuation;</li> <li>• Assess the accuracy and completeness of the information provided by the group to the actuary to estimate the liability;</li> <li>• Test the consistency of the pension fund asset and liability and disclosures in the notes to the core financial statements with the actuarial report from the actuary;</li> <li>• Undertake procedures to confirm the reasonableness of the actuarial assumptions made by reviewing the report of the consulting actuary (as auditor's expert) and performing any additional procedures suggested within the report; and</li> <li>• Obtain assurances from the auditor of Essex Pension Fund as to the controls surrounding the validity and accuracy of membership data; contributions data and benefits data sent to the actuary by the pension fund and the fund assets valuation in the pension fund financial statements.</li> </ul>

# Other matters

## Other work

In addition to our responsibilities under the Code of Practice, we have a number of other audit responsibilities, as follows:

- We read your Narrative Report and Annual Governance Statement and any other information published alongside your financial statements to check that they are consistent with the financial statements on which we give an opinion and our knowledge of the Authority.
- We carry out work to satisfy ourselves that disclosures made in your Annual Governance Statement are in line with requirements set by CIPFA.
- We carry out work on your consolidation schedules for the Whole of Government Accounts process in accordance with NAO group audit instructions.
- We consider our other duties under legislation and the Code, as and when required, including:
  - giving electors the opportunity to raise questions about your 2022/23 financial statements, consider and decide upon any objections received in relation to the 2022/23 financial statements;
  - issuing a report in the public interest or written recommendations to the PCC or the Chief Constable under section 24 of the Local Audit and Accountability Act 2014 (the Act).
  - application to the court for a declaration that an item of account is contrary to law under section 28 or a judicial review under section 31 of the Act
  - issuing an advisory notice under section 29 of the Act
- We certify completion of our audits.

## Other material balances and transactions

Under International Standards on Auditing, 'irrespective of the assessed risks of material misstatement, the auditor shall design and perform substantive procedures for each material class of transactions, account balance and disclosure'. All other material balances and transaction streams will therefore be audited. However, the procedures will not be as extensive as the procedures adopted for the risks identified in this report.

## Going Concern

As auditors, we are required to obtain sufficient appropriate audit evidence regarding, and conclude on:

- Whether a material uncertainty related to going concern exists; and
- The appropriateness of management's use of the going concern basis of accounting in the preparation of the financial statements.

The Public Audit Forum has been designated by the Financial Reporting Council as a "SORP-making body" for the purposes of maintaining and updating Practice Note 10: Audit of financial statements and regularity of public sector bodies in the United Kingdom (PN 10). It is intended that auditors of public sector bodies read PN 10 in conjunction with (ISAs) (UK).

PN 10 has recently been updated to account of revisions to ISAs (UK), including ISA (UK) 570 on going concern. The revisions to PN 10 in respect of going concern are important and mark a significant departure from how this concept has been audited in the public sector in the past. In particular, PN 10 allows auditors to apply a 'continued provision of service approach' to auditing going concern, where appropriate. Applying such an approach should enable us to increase our focus on wider financial resilience (as part of our VFM work) and ensure that our work on going concern is proportionate for public sector bodies. We will review the Authority's arrangements for securing financial sustainability as part of our Value of Money work and provide a commentary on this in our Auditor's Annual Report.

# Our approach to materiality

The concept of materiality is fundamental to the preparation of the financial statements and the audit process and applies not only to the monetary misstatements but also to disclosure requirements and adherence to acceptable accounting practice and applicable law.

Matter	Description	Planned audit procedures
1	<p><b>Determination</b></p> <p>We have determined financial statement materiality based on a proportion of the prior year gross expenditure of the Authority adjusted for the effects of nonrecurring items. In the prior year we used the same benchmark.</p>	<p>We determine planning materiality in order to:</p> <ul style="list-style-type: none"> <li>– establish what level of misstatement could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements</li> <li>– assist in establishing the scope of our audit engagement and audit tests</li> <li>– determine sample sizes and</li> <li>– assist in evaluating the effect of known and likely misstatements in the financial statements</li> </ul>
2	<p><b>Other factors</b></p> <p>An item does not necessarily have to be large to be considered to have a material effect on the financial statements.</p>	<p>An item may be considered to be material by nature where it may affect instances when greater precision is required.</p> <ul style="list-style-type: none"> <li>• We have not identified any item where a separate lower level of materiality will be applied</li> </ul>



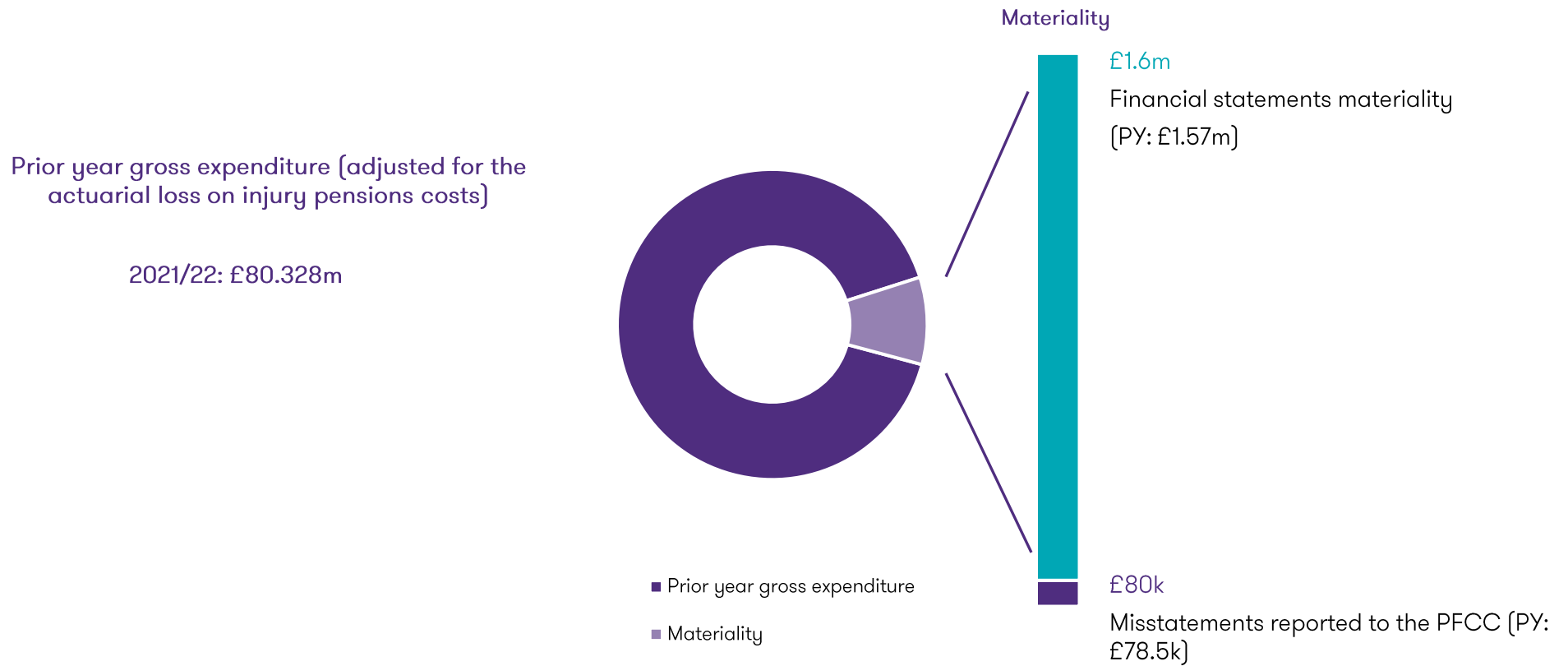
# Our approach to materiality

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Matter	Description	Planned audit procedures
3	<p><b>Reassessment of materiality</b></p> <p>Our assessment of materiality is kept under review throughout the audit process.</p>	<p>We reconsider planning materiality if, during the course of our audit engagement, we become aware of facts and circumstances that would have caused us to make a different determination of planning materiality.</p>
4	<p><b>Other communications relating to materiality we will report to those charged with governance</b></p> <p>Whilst our audit procedures are designed to identify misstatements which are material to our opinion on the financial statements as a whole, we nevertheless report to the PFCC any unadjusted misstatements of lesser amounts to the extent that these are identified by our audit work. Under ISA 260 (UK) 'Communication with those charged with governance', we are obliged to report uncorrected omissions or misstatements other than those which are 'clearly trivial' to those charged with governance.</p> <p>ISA 260 (UK) defines 'clearly trivial' as matters that are clearly inconsequential, whether taken individually or in aggregate and whether judged by any quantitative or qualitative criteria.</p>	<p>We report to TCWG any unadjusted misstatements of lesser amounts to the extent that these are identified by our audit work.</p> <p>In the context of the Authority, we propose that an individual difference could normally be considered to be clearly trivial if it is less than £80k (PY £78.5k).</p> <p>If management have corrected material misstatements identified during the course of the audit, we will consider whether those corrections should be communicated to the Joint Audit Committee to assist it in fulfilling its governance responsibilities.</p>

# Our approach to materiality

The concept of materiality is fundamental to the preparation of the financial statements and the audit process and applies not only to the monetary misstatements but also to disclosure requirements and adherence to acceptable accounting practice and applicable law.



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# IT audit strategy

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In accordance with ISA (UK) 315 Revised, we are required to obtain an understanding of the relevant IT and technical infrastructure and details of the processes that operate within the IT environment. We are also required to consider the information captured to identify any audit relevant risks and design appropriate audit procedures in response. As part of this we obtain an understanding of the controls operating over relevant Information Technology (IT) systems i.e., IT general controls (ITGCs). Our audit will include completing an assessment of the design and implementation of relevant ITGCs. We say more about ISA 315 Revised on slide 22.

The following IT system has been judged to be in scope for our audit and based on the planned financial statement audit approach, we will perform the indicated level of assessment:

<b>IT system</b>	<b>Audit area</b>	<b>Planned level IT audit assessment</b>
DREAM	Financial reporting	ITGC assessment to ensure the design and implementation of controls. This work is to be carried out by the Audit Engagement Team.

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# Value for Money arrangements

## Approach to Value for Money work for the period ended 31 March 2023

The National Audit Office issued its latest Value for Money guidance to auditors in January 2023 . The Code expects auditors to consider whether a body has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources. Auditors are expected to report any significant weaknesses in the body's arrangements, should they come to their attention. In undertaking their work, auditors are expected to have regard to three specified reporting criteria. These are as set out below:



### Improving economy, efficiency and effectiveness

How the body uses information about its costs and performance to improve the way it manages and delivers its services.



### Financial Sustainability

How the body plans and manages its resources to ensure it can continue to deliver its services.

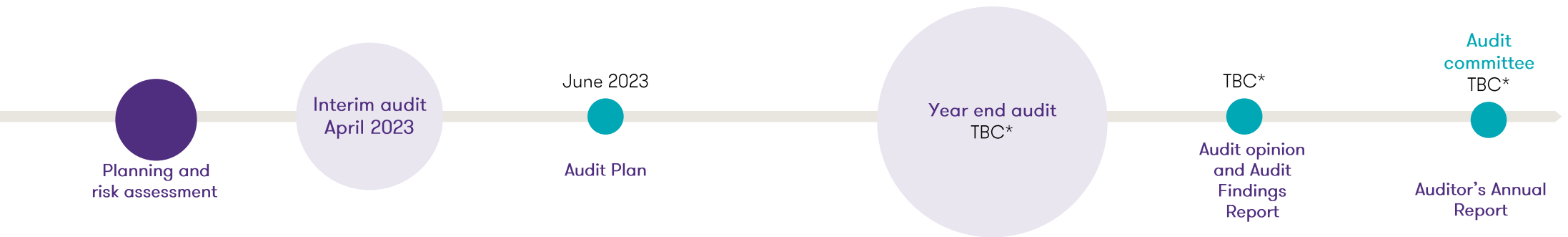


### Governance

How the body ensures that it makes informed decisions and properly manages its risks.

We have agreed with management that our Value for Money work for 2021/22 and 2022/23 will be combined within a single Auditor's Annual Report. In 2021/22 our risk assessment did not identify any risks of significant weaknesses in the Authority's arrangements. Our updated risk assessment for 2022/23 has also not identified any risks of significant weaknesses in the Authority's arrangements.

# Audit logistics and team



## Joanne Brown, Key Audit Partner



Jo will be the main point of contact for the PFCC, Chief Constable and Committee members. She will share her wealth of knowledge and experience across the sector providing challenge and sharing good practice. Jo will ensure our audit is tailored specifically to you, and she is responsible for the overall quality of our audit work. Jo will sign your audit opinions.

## Parris Williams, Senior Manager



Parris will work with senior members of the finance team ensuring testing is delivered and any accounting issues are addressed on a timely basis. He will attend Audit Committee and liaison meetings with Paul, undertake reviews of the team's work, and ensure that our reports are clear, concise and understandable. Parris will be responsible for the delivery of our work on your arrangements in place to secure value for money.

## Audited body responsibilities

Where audited bodies do not deliver to the timetable agreed, we need to ensure that this does not impact on audit quality or absorb a disproportionate amount of time, thereby disadvantaging other audited bodies. Where the elapsed time to complete an audit exceeds that agreed due to an entity not meeting its obligations we will not be able to maintain a team on site. Similarly, where additional resources are needed to complete the audit due to an entity not meeting their obligations we are not able to guarantee the delivery of the audit to the agreed timescales. In addition, delayed audits will incur additional audit fees.

## Our requirements

To minimise the risk of a delayed audit, you need to :

- ensure that you produce draft financial statements of good quality by the deadline you have agreed with us, including all notes, the Annual Report and the Annual Governance Statement
- ensure that good quality working papers are available at the start of the audit, in accordance with the working paper requirements schedule that we have shared with you
- ensure that the agreed data reports are available to us at the start of the audit and are reconciled to the values in the accounts, in order to facilitate our selection of samples for testing
- ensure that all appropriate staff are available on site throughout (or as otherwise agreed) the planned period of the audit
- respond promptly and adequately to audit queries.

## Start date of the audit

We are currently in dialogue with management to agree a start date of the final accounts audit.



# Audit fees and updated Auditing Standards including ISA 315 Revised

The major change impacting on our audit for 2022/23 is the introduction of ISA (UK) 315 (Revised) - Identifying and assessing the risks of material misstatement ('ISA 315'). There are a number of significant changes that will impact the nature and extent of our risk assessment procedures and the work we perform to respond to these identified risks. Key changes include:

- Enhanced requirements around understanding the Authority's IT Infrastructure and IT environment. From this we will then identify any risks arising from the use of IT. We are then required to identify the IT General Controls ('ITGCs') that address those risks and test the design and implementation of ITGCs that address the risks arising from the use of IT.
- Additional documentation of our understanding of the Authority's business model, which may result in us needing to perform additional inquiries to understand the end-to-end processes over more classes of transactions, balances and disclosures.
- We are required to identify controls within a business process and identify which of those controls are controls relevant to the audit. These include, but are not limited to, controls over significant risks and journal entries. We will need to identify the risks arising from the use of IT and the general IT controls (ITGCs) as part of obtaining an understanding of relevant controls.
- Where we do not test the operating effectiveness of controls, the assessment of risk will be the inherent risk, this means that our sample sizes may be larger than in previous years.

These are significant changes which will require us to increase the scope, nature and extent of our audit documentation, particularly in respect of your business processes, and your IT controls. We will be unable to determine the full fee impact until we have undertaken further work in respect of the above areas. However, for an entity of your size, we estimate an initial increase of £6,680. We will let you know if our work in respect of business processes and IT controls identifies any issues requiring further audit testing. There is likely to be an ongoing requirement for a fee increase in future years, although we are unable yet to quantify that.

The other major change to Auditing Standards in 2022/23 is in respect of ISA 240 which deals with the auditor's responsibilities relating to fraud in an audit of financial statements. This Standard gives more prominence to the risk of fraud in the audit planning process. We will let you know during the course of the audit should we be required to undertake any additional work in this area which will impact on your fee.

Taking into account the above, our proposed work and fee for 2022/23, as set out below, is detailed overleaf. The fee for 2022/23 has been agreed with the Chief Finance Officer's of both the PFCC and the CC. The estimated fee for 2021/22 including fee variations is pending approval from management.

# Audit fees

	2021/22 fee per Audit Plan	Final fee for 2021/22	Proposed fee 2022/23
PFCCFRA	£44,980	£57,791	£51,480
<b>Total audit fees (excluding VAT)</b>	<b>£44,980</b>	<b>£57,791</b>	<b>£51,480</b>

## Assumptions

In setting the above fees, we have assumed that the Authority will:

- prepare a good quality set of accounts, supported by comprehensive and well-presented working papers which are ready at the start of the audit
- provide appropriate analysis, support and evidence to support all critical judgements and significant judgements made during the course of preparing the financial statements
- provide early notice of proposed complex or unusual transactions which could have a material impact on the financial statements.

## Relevant professional standards

In preparing our fee estimate, we have had regard to all relevant professional standards, including paragraphs 4.1 and 4.2 of the FRC's [Ethical Standard \[revised 2019\]](#) which stipulate that the Engagement Lead (Key Audit Partner) must set a fee sufficient to enable the resourcing of the audit with partners and staff with appropriate time and skill to deliver an audit to the required professional and Ethical standards.

# Audit fees – detailed analysis

		Rationale
Audit fee in the 2021/22 Audit Plan	£44,980	
Fee variations for 2022/23		
Journals	£2,500	This is a fee variation to cover additional work we anticipate is required in relation to the fact that your ledger system permits transactions to be deleted.
Increased audit requirements of revised ISAs 315	£4,000	
Final proposed 21/22 fee	£51,480	

# Independence and non-audit services

## Auditor independence

Ethical Standards and ISA (UK) 260 require us to give you timely disclosure of all significant facts and matters that may bear upon the integrity, objectivity and independence of the firm or covered persons, relating to our independence. We encourage you to contact us to discuss these or any other independence issues with us. We will also discuss with you if we make additional significant judgements surrounding independence matters.

We confirm that there are no significant facts or matters that impact on our independence as auditors that we are required or wish to draw to your attention. We have complied with the Financial Reporting Council's Ethical Standard and we as a firm, and each covered person, confirm that we are independent and are able to express an objective opinion on the financial statements.. Further, we have complied with the requirements of the National Audit Office's Auditor Guidance Note 01 issued in May 2020 which sets out supplementary guidance on ethical requirements for auditors of local public bodies.

We confirm that we have implemented policies and procedures to meet the requirements of the Ethical Standard. For the purposes of our audit we have made enquiries of all Grant Thornton UK LLP teams providing services to the Authority.

## Other services

No other services provided by Grant Thornton were identified.

Any changes and full details of all fees charged for audit related and non-audit related services by Grant Thornton UK LLP and by Grant Thornton International Limited network member Firms will be included in our Audit Findings report at the conclusion of the audit.

# Communication of audit matters with those charged with governance

Our communication plan	Audit Plan	Audit Findings	
Respective responsibilities of auditor and management/those charged with governance	•		<p>ISA (UK) 260, as well as other ISAs (UK), prescribe matters which we are required to communicate with those charged with governance, and which we set out in the table here.</p> <p>This document, the Audit Plan, outlines our audit strategy and plan to deliver the audit, while the Audit Findings will be issued prior to approval of the financial statements and will present key issues, findings and other matters arising from the audit, together with an explanation as to how these have been resolved.</p> <p>We will communicate any adverse or unexpected findings affecting the audit on a timely basis, either informally or via an audit progress memorandum.</p> <p><b>Respective responsibilities</b></p> <p>As auditor we are responsible for performing the audit in accordance with ISAs (UK), which is directed towards forming and expressing an opinion on the financial statements that have been prepared by management with the oversight of those charged with governance.</p> <p>The audit of the financial statements does not relieve management or those charged with governance of their responsibilities.</p>
Overview of the planned scope and timing of the audit, form, timing and expected general content of communications including significant risks and Key Audit Matters	•		
Confirmation of independence and objectivity of the firm, the engagement team members and all other indirectly covered persons	•	•	
A statement that we have complied with relevant ethical requirements regarding independence. Relationships and other matters which might be thought to bear on independence. Details of non-audit work performed by Grant Thornton UK LLP and network firms, together with fees charged. Details of safeguards applied to threats to independence	•	•	
Significant matters in relation to going concern	•	•	
Significant findings from the audit		•	
Significant matters and issue arising during the audit and written representations that have been sought		•	
Significant difficulties encountered during the audit		•	
Significant deficiencies in internal control identified during the audit		•	
Significant matters arising in connection with related parties		•	
Identification or suspicion of fraud[ deliberate manipulation] involving management and/or which results in material misstatement of the financial statements [ not typically council tax fraud]		•	
Non-compliance with laws and regulations		•	
Unadjusted misstatements and material disclosure omissions		•	
Expected modifications to the auditor's report, or emphasis of matter		•	





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