AZETS

Item 10

Police and Crime Commissioner for Staffordshire and Chief Constable for Staffordshire

Joint external audit plan

Year ended 31 March 2024

November 2023

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Appendices

Your key team members

Paul Grady
Key Audit Partner
Paul.Grady@azets.co.uk

Azola Dudula
Manager
Azola.Dudula@azets.co.uk

Owen Jones
In-Charge auditor
Owen.Jones@azets.co.uk

Introduction

Adding value through the audit

All of our clients demand of us a positive contribution to meeting their ever-changing business needs. Our aim is to add value through our external audit work by being constructive and forward looking, by identifying areas of improvement and by recommending and encouraging good practice. In this way, we aim to help promote improved standards of governance, better management and decision making and more effective use of resources.

Purpose

This audit plan highlights the key elements of our proposed audit strategy and provides an overview of the planned scope and timing of the statutory external audit of the Police and Crime Commissioner for 31 March 2024 ('the PCC') and the Chief Constable for 31 March 2024 ('the Chief Constable') for the year ended 31 March 2024 for the PCC and Chief Constable (those charged with governance).

The core elements of our work include:

- Audits of the 2023/24 Statement of Accounts for the Chief Constable single entity, the Police and Crime Commissioner single entity, and its Group; and
- An assessment of the PCC and Chief Constable's arrangements for securing economy, efficiency and effectiveness in their use of resources (our Value for Money work).

We will conduct our audit in accordance with International Standards on Auditing (ISAs) (UK), the Local Audit and Accountability Act 2014 (the 'Act'), and the National Audit Office Code of Audit Practice. The Code of Audit Practice sets out what local auditors of relevant local public bodies are required to do to fulfil their statutory responsibilities under the Act.

Auditor responsibilities

As auditor we are responsible for performing an audit, in accordance with the Local Audit and Accountability Act 2014, the Code of Audit Practice issued by the National Audit Office and ISAs UK. Our primary responsibility is to form and express an independent opinion on the Chief Constable's financial statements and the PCC's and Group's financial statements, stating whether they provide a true and fair view and have been prepared properly in accordance with applicable law and the CIPFA Code of Practice on Local Authority Accounting in the UK (the 'CIPFA Code).

For both the PCC and Chief Constable audits, we are also required to:

- Report on whether the other information included in the Statement of Accounts (including the Narrative Report and Annual Governance Statement) is consistent with the financial statements;
- Report by exception if the disclosures in the Annual Governance Statement are incomplete or if the Annual Governance Statement is misleading or inconsistent with our knowledge acquired during the audit;
- Report by exception any significant weaknesses identified in arrangements for securing value for money and a summary of associated recommendations;
- Report by exception on the use of our other statutory powers and duties; and
- Certify completion of our audit.

continued…..

Introduction

We will conduct our audit in accordance with International Standards on Auditing (ISAs) (UK), the Local Audit and Accountability Act 2014 (the 'Act'), and the National Audit Office Code of Audit Practice. The Code of Audit Practice sets out what local auditors of relevant local public bodies are required to do to fulfil their statutory responsibilities under the Act.

This planning letter has been prepared for the sole use of those charged with governance and management and should not be relied upon by third parties. No responsibility is assumed by Azets Audit Services to third parties.

Auditor responsibilities *(….continued)*

We will issue our joint Audit Findings Report and joint Auditors Annual Report to the Audit Committee, PCC and Chief Constable, setting out the findings from our work.
Under the Act we have a broad range of reporting responsibilities and powers that are unique to the audit of local authorities in the United Kingdom. These include:

- Reporting matters in the public interest;
- Making written recommendations to the PCC and Chief Constable;
- Making am application to the court for a declaration that an item of account is contrary to law;
- Issuing and advisory notice; or
- Making an application for judicial review.

The Act also requires us to give an elector, or any representative of the elector, the opportunity to question us about the accounting records of the PCC / Chief Constable and consider any objection made to the accounts.

On completion of our audit work, we will issue a joint Audit Findings Report (prior to the approval of the two sets of financial statements), detailing our significant findings and other matters arising from the audits on the financial statements, together with a joint Auditor's Annual Report including our commentary on the value for money arrangements of the PCC and Chief Constable.

If, during the course of the audit, we identify any significant adverse or unexpected findings that we conclude should be communicated, we will do so on a timely basis, either informally or in writing.

The audit does not relieve management, the PCC or the Chief Constable of their responsibilities, including those in relation to the preparation of the financial statements.

PCC and Chief Constable responsibilities

The PCC and Chief Constable both have responsibility for:

- Preparing financial statements which give a true and fair view, in accordance with the applicable financial reporting framework and relevant legislation;
- Preparing and publishing, along with the financial statements, an annual governance statement and narrative report;
- Maintaining proper accounting records and preparing working papers to an acceptable professional standard that support its financial statements and related reports disclosures; and
- Ensuring the proper financial stewardship of public funds, complying with relevant legislation and establishing effective arrangements for governance, propriety and regularity.

Audit scope and general approach

This section of our letter sets out the scope and nature of our audit and should be considered in conjunction with the Terms of Appointment and Statement of Responsibilities issued by Public Sector Audit Appointments Limited (PSAA).

General approach

Our objective when performing an audit is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement and to issue an auditor's report that includes our auditor's opinion.

As part of our risk-based audit approach, we will:

- Perform risk assessment procedures including updating our understanding of the Chief Constable, PCC and group, including their environments, the financial reporting framework and their system of internal control;
- Review the design and implementation of key internal controls;
- Identify and assess the risks of material misstatement, whether due to fraud or error, at the financial statement level and the assertion level for classes of transaction, account balances and disclosures;
- Design and perform audit procedures responsive to those risks, to obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion; and
- Exercise professional judgment and maintain professional scepticism throughout the audit recognising that circumstances may exist that cause the financial statements to be materially misstated.

We will undertake a variety of audit procedures designed to provide us with sufficient evidence to give us reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

We include an explanation in the auditor's report of the extent to which the audit was capable of detecting irregularities, including fraud and respective responsibilities for prevention and detection of fraud.

Audit scope and general approach

Materiality

We apply the concept of materiality both in planning and performing the audits, and in evaluating the effect of identified misstatements on the audit and of uncorrected misstatements.

Judgments about materiality are made in the light of surrounding circumstances and are affected by our perception of the financial information needs of users of the financial statements, and by the size or nature of a misstatement, or a combination of both. **The basis for our assessment of materiality for the year is set out in Appendix I.**

Any identified errors greater than:

£213,000

will be recorded and discussed with you and, if not adjusted, confirmed as immaterial as part of your letter of representation to us.

Accounting systems and internal controls

The purpose of an audit is to express an opinion on the financial statements. We will follow a substantive testing approach to gain audit assurance rather than relying on tests of controls. As part of our work, we consider certain internal controls relevant to the preparation of the financial statements such that we are able to design appropriate audit procedures. However, this work does not cover all internal controls and is not designed for the purpose of expressing an opinion on the effectiveness of internal controls. If, as part of our consideration of internal controls, we identify significant deficiencies in controls, we will report these to you in writing.

Specialised skill or knowledge required to complete the audit procedures

We will use audit specialists to assist us in our audit work in the following areas:

- The audit of the actuarial assumptions used in the calculation of the defined benefit pension liability/asset; and
- The audit of the asset valuation assumption used in calculation of the revaluation of Land and Building.

We will consult internally with our Technology Risk team for them to support the audit team by assessing the information technology general controls (ITGC) of the Integra system.

Audit scope and general approach

Significant changes in the financial reporting framework

There have been no significant changes in the financial reporting framework this year, including the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom (the ‘CIPFA Code). As permitted by the CIPFA Code the PCC and Chief Constable have chosen to defer the implementation of IFRS 16 ‘Leases’ until 2024/25.

Significant changes in the Chief Constable, PCC and group’s functions or activities

There have been no significant changes to the functions and activities of the Chief Constable, PCC or its group structure.

Going concern

Management responsibility

Management is required to make and document an assessment of whether the Chief Constable, PCC and group is a going concern when preparing the financial statements. The review period should cover at least 12 months from the date of approval of the financial statements. Management are also required to make balanced, proportionate and clear disclosures about going concern within the financial statements where material uncertainties exist in order to give a true and fair view.

Going concern

Auditor responsibility

Under ISA (UK) 570, we are required to consider the appropriateness of management’s use of the going concern assumption in the preparation of the financial statements and consider whether there are material uncertainties about the Chief Constable’s, PCC’s and group’s ability to continue as a going concern that need to be disclosed in the financial statements.

In assessing going concern, we will consider the guidance published in the CIPFA Code and Practice Note 10 (PN10), which focusses on the anticipated future provision of services in the public sector rather than the future existence of the entity itself.

Audit scope and general approach

Related party transactions

ISA 550 requires that the audit process starts with the audited body providing a list of related parties to the auditor, including any entities under common control.
During our initial audit planning you have informed us of the individuals and entities that you consider to be related parties of the PCC and Chief Constable. Please advise us of any changes as and when they arise.

Additional procedures for the NAO

The National Audit Office (the 'NAO') issues group audit instructions which set out additional audit requirements. We expect the procedures for this year to be similar to previous years.

The NAO audit team for the WGA request us to undertake specific audit procedures in order to provide them with additional assurance over the amounts recorded in WGA schedules. The extent of these procedures will depend on whether the PCC and Chief Constable have been selected by the NAO as a sampled component for 2023/24. As at the date of this report, the draft instructions have not yet been issued by the NAO and the NAO have not yet confirmed which entities will be sampled components.

We will seek to comply with the instructions and to report to the NAO in accordance with their requirements once instructions have been issued.

Auditor reporting delays for previous periods and the impact on our audit

Although we are planning to complete your audit for the year ended 31 March 2024 in line with the timetable set out on page 17, so that we can report our initial findings to the PCC and Chief Constable in October 2024, please note that we will not be able to fully complete our audit, issue our auditor's report and certify the closure of the audit until your predecessor auditor has completed their audits for the year ended 31 March 2023. Once the 2023 audit has been completed we will need to review the predecessor auditor's audit file to gain assurance over your opening balances as at 1 April 2023, and consider the impact on our audit of any modifications to their auditor's report.

Further, once the 2023 audit has been completed, we will revisit our planning procedures and audit plan to assess whether any additional procedures are required over and above those we have identified in this audit plan. Should additional procedures or changes to the plan be required, we will report these to you. The cost of additional work to revisit planning upon completion of the prior year audits will also be reported to you.

Significant risks of material misstatement

Significant risks are risks that require special audit consideration and include identified risks of material misstatement that:

- Our risk assessment procedures have identified as being close to the upper range of the spectrum of inherent risk due to their nature and a combination of the likelihood and potential magnitude of misstatement; or
- Are required to be treated as significant risks due to requirements of ISAs (UK), for example in relation to management override of internal controls.

Significant risks at the financial statement level

The table below summarises significant risks of material misstatement identified at the financial statement level. These risks are considered to have a pervasive impact on the financial statements as a whole and potentially affect many assertions for classes of transaction, account balances and disclosures.

Identified risk	Planned audit procedures
Management override of controls (PCC / Chief Constable) Auditing Standards require auditors to treat management override of controls as a significant risk on all audits. This is because management is in a unique position to perpetrate fraud by manipulating accounting records and overriding controls that otherwise appear to be operating effectively. Although the level of risk of management override of controls will vary from entity to entity, the risk is nevertheless present in all entities. Specific areas of potential risk including manual journals, management estimates and judgements and one-off transactions outside the ordinary course of the business. **Risk of material misstatement: Very High**	Procedures performed to mitigate risks of material misstatement in this area will include: • Documenting our understanding of the journals posting process and evaluating the design effectiveness of management controls over journals; • Analysing the journals listing and determining the criteria for selecting high risk and/or unusual journals; • Testing high risk and/or unusual journals posted during the year and after the draft accounts stage back to supporting documentation for appropriateness, corroboration and to ensure approval has been undertaken in line with the PCC's / Chief Constable's journals policy; • Gaining an understanding of the key accounting estimates and critical judgements made by management. We will also challenge assumptions and consider for reasonableness and indicators of bias which could result in material misstatement due to fraud; and • Evaluating the rationale for any changes in accounting policies, estimate or significant unusual transactions.

Significant risks of material misstatement

Identified risk	Planned audit procedures
Prior year opinion on the financial statements (PCC / Chief Constable / Group) As at the date of writing, you have not been able to obtain an unmodified opinion from your predecessor auditor for the 2022/23 financial year. There is therefore a risk that issues not yet identified in the open audit years arise in the completion of those audits which may impact the current (2023/24) audit year. There is a further risk that, in the event an 'audit backstop' is implemented for 31 March 2024, the prior year period opinion may be qualified by a 'limitation of scope' or disclaimed in full. **In this eventuality:** • there may be limited assurance available over the Chief Constable, PCC and group's opening balances, including those balances which involve higher levels of management judgement and more complex estimation techniques (e.g. defined benefit pensions valuations and property, plant and equipment valuations, amongst others). • significant transactions, accounting treatment and management judgements may not have been subject to audit for a year. This may include management judgements and accounting treatment in respect of significant new schemes (such as income strip or major capital initiatives), changes to group structures or other significant accounting treatments which came into effect during the qualified or disclaimed period. **The potential absence of prior year assurance raises a significant risk of material misstatement at the financial statements level that may require additional audit procedures.** **Risk of material misstatement: High**	Procedures performed to mitigate risks of material misstatement in this area will include: • Considering the findings and outcomes of unfinished prior year audits and their impact on the 2023/24 audit; • Considering the impact on our work of qualified or disclaimed audit opinions, particularly regarding opening balances and 'unaudited' transactions and management judgements made in the previous years which continue into 2023/24; and • Considering the impact of any changes in Code requirements for financial reporting in previous and current audit years.

Significant risks of material misstatement

Identified risk	Planned audit procedures
Change of the financial system (PCC / Chief Constable) At the commencement of 2023-24 accounting period, both PCC and CC executed a migration from Oracle/Origin to Integra system. There is an inherent risk concern surrounding the completeness and accuracy of data transfer from the legacy system to the new platform, with a potential risk of oversight in identifying migration errors. Consequently, the transfer poses a risk wherein errors may result in material misstatement in the opening balances and data on the current financial year. **Risk of material misstatement: High**	Procedures performed to mitigate risks of material misstatement in this area will include: • Gaining an understanding of the processes and controls put in place by management to ensure that the transfer of data is complete, accurate, and not materially misstated and evaluate the design of the associated controls, • Reviewing and assessing assurance reports provided on the implementation of the new financial system, on which management are relying to satisfy themselves over the completeness and accuracy of the data transfer, • Reviewing and assessing any assurance provided by internal audit assurance from reviews undertaken by them over the transfer. • Undertaking procedures to gain assurance over the completeness of the data transferred, and • Undertaking testing, on a sample basis, over the accuracy of data transferred, both from the old system to the new, and from the new system back to the source data on the old system. We will use our specialist Risk and Technology Assurance team to assess the IT related control risks inherent in the transfer.

Significant risks of material misstatement

Significant risks at the assertion level for classes of transaction, account balances and disclosures

The table below summarises significant risks of material misstatement at the assertion level for classes of transaction, account balances and disclosures.

Identified risk	Planned audit procedures
Fraud in revenue recognition and expenditure (Chief Constable, PCC and group) **(rebutted)** Material misstatement due to fraudulent financial reporting relating to revenue recognition is a rebuttable presumed risk in ISA (UK) 240. Having considered the nature of the revenue streams at the PCC, we consider that the risk of fraud in revenue recognition, comprising largely year-specific taxation or grant funding, can be rebutted due to their nature, as they carry little incentive or ability to manipulate. The Chief Constable's income comprises solely income received from the PCC and the risk of fraud in revenue recognition can similarly be rebutted due to the nature of this income stream. We have also considered Practice Note 10, which comments that for certain public bodies, the risk of manipulating expenditure could exceed the risk of the manipulation of revenue. We have therefore also considered the risk of fraud in expenditure, and we are satisfied that this is not a significant risk for the reasons set out below: • Significant amount of expenditure is in relation to pay, and • Non-pay expenditure reflected in Chief Constable, PCC and group financial statements exhibit straightforward nature, characterised by reduced subjectivity, and there is no incentive to management to manipulate expenditure. **Inherent risk of material misstatement:** • **Revenue and expenditure recognition: Very Low**	Whilst we have rebutted the risk of fraud in income and expenditure, we will perform the below procedures based on their value within the financial statements: • Documenting our understanding of the PCC and Chief Constable's systems for income and expenditure to identify significant classes of transactions, account balances and disclosures with a risk of material misstatement in the financial statements • Evaluating the PCC and Chief Constable's accounting policies for recognition of income and expenditure and compliance with the CIPFA Code. • Substantively testing material income and expenditure streams using analytical procedures and sample testing of transactions recognised for the year.

Significant risks of material misstatement

<table>
<tr><th>Identified risk</th><th>Planned audit procedures</th></tr>
<tr><td>

Valuation of land and buildings (key accounting estimate) (PCC & group)

Revaluation of land and buildings and investment property should be performed with sufficient regularity so that carrying amounts are not materially misstated.

The PCC carries out a rolling programme of revaluations to ensure all property, plant and equipment required to be measured at fair value is revalued at least every three years.

Management engage the services of a qualified valuer, who is a Regulated Member of the Royal Institute of Chartered Surveyors (RICS) to undertake these valuations as at 31 March 2024.

The valuations involve a wide range of assumptions and source data and are therefore sensitive to changes in market conditions. ISAs (UK) 500 and 540 require us to undertake audit procedures on the use of external expert valuers and the methods, assumptions and source data underlying the fair value estimates.

This represents a key accounting estimate made by management within the financial statements due to the size of the values involved, the subjectivity of the measurement and the sensitive nature of the estimate to changes in key assumptions. We have therefore identified the valuation of land and buildings as a significant risk. We will further pinpoint this risk to specific assets, or asset types, on receipt of the draft financial statements and the year-end updated asset valuations to those assets where the in-year valuation movements falls outside of our expectations.

Inherent risk of material misstatement:

- **Land and buildings (valuation): Very High**

</td><td>

Procedures performed to mitigate risks of material misstatement in this area will include:

- Evaluating management processes and assumptions for the calculation of the estimate, the instructions issued to the valuation experts and the scope of their work;
- Evaluating the competence, capabilities and objectivity of management’s valuation expert;
- Considering the basis on which the valuations are carried out and challenging the key assumptions applied;
- Evaluating the reasonableness of the valuation movements for assets revalued during the year, with reference to market data. We will consider whether we require an auditor’s expert;
- For unusual or unexpected valuation movements, testing the information used by the valuer to ensure it is complete and consistent with our understanding;
- Ensuring revaluations made during the year have been input correctly to the fixed asset register and the accounting treatment within the financial statements is correct; and
- Evaluating the assumptions made by management for any assets not revalued during the year and how management are satisfied that these are not materially different to the current value.

</td></tr>
</table>

Significant risks of material misstatement

Identified risk	Planned audit procedures
Valuation of the defined pension fund net liability/asset (key accounting estimate) (PCC, Chief Constable and Group) An actuarial estimate of the net defined pension liability/asset is calculated on an annual basis under IAS 19 ‘Employee Benefits’, and on a triennial funding basis, by an independent firm of actuaries with specialist knowledge and experience. The triennial estimates are based on the most up to date membership data held by the pension fund and a roll forward approach is used in intervening years, as permitted by the CIPFA Code. The calculations involve a number of key assumptions, such as discount rates and inflation and local factors such as mortality rates and expected pay rises. The estimates are highly sensitive to changes in these assumptions and the calculation of any asset ceiling when determining the value of a pension asset. ISAs (UK) 500 and 540 require us to undertake audit procedures on the use of external experts (the actuary) and the methods, assumptions and source data underlying the estimates. This represents a key accounting estimate made by management within the financial statements due to the size of the values involves, the subjectivity of the measurement and the sensitive nature of the estimate to changes in key assumptions. We have therefore identified the valuation of the net pension liability/asset as a significant risk. **Inherent risk of material misstatement:** • **Defined pension fund net liability/asset (valuation): High**	Procedures performed to mitigate risks of material misstatement in this area will include: • Evaluating managements processes for the calculation of the estimate, the instructions issued to management’s expert (the actuary) and the scope of their work; • Evaluating the competence, capabilities and objectivity of the actuary; • Assessing the controls in place to ensure that the data provided to the actuary by the Chief Constable and their pension fund was accurate and complete; • Evaluating the methods, assumptions and source data used by the actuary in their valuations, with the support of an auditors’ expert; • Evaluating whether any asset ceiling was appropriately considered when determining the value of any pension asset included in the financial statements; • Assessing the impact of any significant differences between the estimated gross asset valuations included in the financial statements and the Chief Constable share of the investment valuations in the audited pension fund accounts’ and • Ensuring pension valuation movements for the year and related disclosures have been correctly reflected in the financial statements.

Value for Money arrangements

Under the Code of Audit Practice, we must satisfy ourselves that the PCC and Chief Constable have made proper arrangements for securing economy, efficiency and effectiveness in their use of resources (referred to here as “Value for Money”, or “VFM”).

NAO Auditor Guidance Note 03 ‘Auditors’ Work on Value for Money Arrangements’ (“AGN 03”) was updated and issued on 18 January 2023 and requires us to provide an annual commentary on arrangements, which will be published as part of the Auditor’s Annual Report. Such commentary will highlight any significant weaknesses in arrangements, along with recommendations for improvements.

When reporting on such arrangements, the Code of Practice requires us to structure our commentary under three specified reporting criteria:

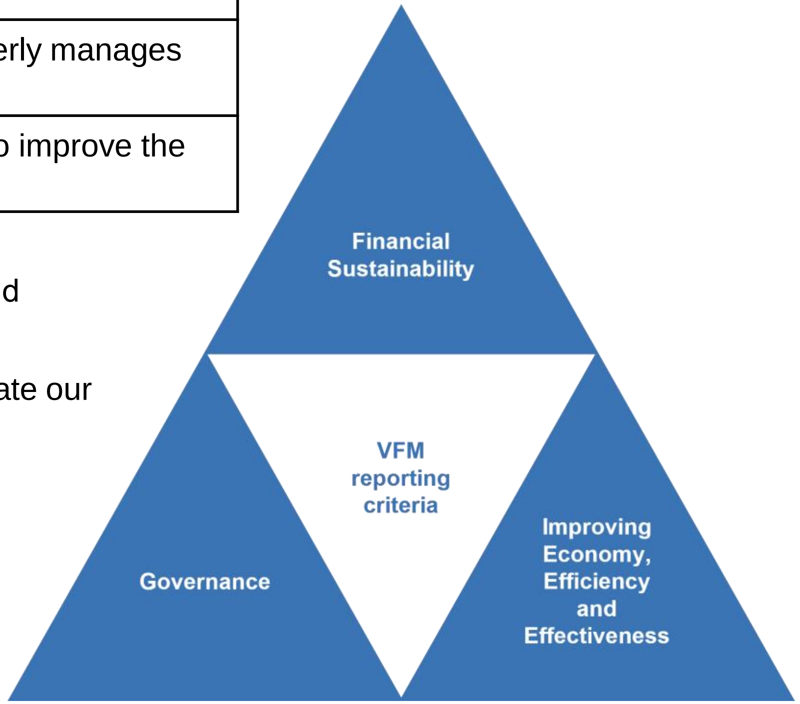
Financial sustainability	How the body plans and manages its resources to ensure it can continue to deliver its services
Governance	How the body ensures that it makes informed decisions and properly manages its risks
Improving economy, efficiency and effectiveness	How the body uses information about its costs and performance to improve the way it manages and delivers its services

As part of the planning process, we are required to perform procedures to identify potential risks of significant weaknesses in the PCC and Chief Constable’s arrangements to secure VFM through the economic, efficient and effective use of their resources.

We are required to re-evaluate this risk assessment during the course of the audit and, where appropriate, update our work to reflect emerging risks or findings that may suggest a significant weakness in arrangements.

Where we identify significant weaknesses in arrangements as part of our work, we are required to make recommendations setting out:

- Our judgement on the nature of the weakness identified;
- The evidence on which our view is based;
- The impact on the local body; and
- The action the body needs to take to address the weakness.



Value for Money arrangements

Risks of significant weakness in VFM arrangements

We have carried out an initial risk assessment to identify any risks of significant weakness in respect of the three specific areas of proper arrangements using the guidance contained in AGN 03. A significant weakness is a risk requiring audit consideration and procedures to address the likelihood that proper arrangements are not in place at the body to deliver value for money. We will re-evaluate this risk assessment during the course of the audit and, where appropriate, update our work to reflect emerging risks or findings that may suggest a significant weakness in arrangements.

When considering the PCC and Chief Constable's arrangements, we will have regard to the three reporting criteria set out in AGN03, as well as performing additional work in the areas identified below which are the potential areas of significant weaknesses, we have identified at the planning stage.

<table>
<tr><th>Criteria</th><th>Potential risk of significant weakness</th><th>Our risk based procedures and evaluation approach includes (but is not limited to)</th></tr>
<tr><td>Financial sustainability</td><td rowspan="3">None identified at this stage, subject to the below:

This planning conclusion is provisional, and subject to the outcome of the VFM work for the 2023 audit. Once this has been completed, we will revisit our VFM planning procedures and audit plan to assess whether any risks of significant weakness have been subsequently identified during 2022/23 – in particular, the predecessor auditor's views over the arrangements in place regarding HMICFRS monitoring (see right) – and whether additional procedures are required over and above those we have identified in this audit plan. Should additional procedures or changes to the plan be required, we will report these to you. The cost of additional work to revisit planning upon completion of the prior year audits will also be reported to you.</td><td>We have not at this stage identified any risks of significant weakness that require specific audit procedures</td></tr>
<tr><td>Governance</td><td>We have not at this stage identified any risks of significant weakness that require specific audit procedures</td></tr>
<tr><td>Improving economy, efficiency and effectiveness</td><td>Whilst we haven't identified any significant risks at this stage, we will review arrangements in response to the HMICFRS inspection findings from the 2021/22 Police effectiveness, efficiency, and legitimacy report. We will assess whether the arrangements in place are appropriate to address the findings and the progress made in addressing the findings.</td></tr>
</table>

Weaknesses or risks identified by auditors are only those which have come to their attention during their normal audit work in accordance with the Code of Audit Practice and may not be all that exist.

Audit team and logistics

Your audit team

Role	Name	Contact details
Key Audit Partner	Paul Grady	Paul.Grady@azets.co.uk
Engagement Manager	Azola Dudula	Azola.Dudula@azets.co.uk
In-charge auditor	Owen Jones	Owen.Jones@azets.co.uk

Timetable

Event	Date
Planning and risk assessment	Oct – Nov 2023
Reporting of plan to Audit Committee, PCC and Chief Constable	Jan – Mar 2024
Interim audit	Jan - Feb 2024
Year end audit	July – Sept 2024
Reporting of Audit Findings (ISA260)	Sept / Nov 2024
Auditor's Annual Report (AAR)	Sept / Nov 2024
Target date of approval of accounts	Sept / Nov 2024
Accounts publication deadline (as specified in the Accounts and Audit Regulations 2015)	TBC (likely 30 November 2024)

Our expectations and requirements

For us to be able to deliver the audit in line with the agreed fee and timetable, we require the following:

- Draft financial statements to be produced to a good quality by the deadlines you have agreed with us. These should be complete including all notes, the Narrative Statement and the Annual Governance Statement;
- The provision of good quality working papers at the same time as the draft financial statements. These will be discussed with you in advance to ensure clarity over our expectations;
- The provision of agreed data reports at the start of the audit, fully reconciled to the values in the accounts, to facilitate our selection of samples for testing;
- Ensuring staff are available and on site (as agreed) during the period of the audit;
- Prompt and sufficient responses to audit queries within two working days (unless otherwise agreed) to minimise delays.

The audit process is underpinned by effective project management to ensure that we co-ordinate and apply our resources efficiently to meet your deadlines. It is therefore essential that the audit team and finance team work closely together to achieve this timetable.

Please note that we will be unable to complete our 2023/24 audit until your audits for all previous financial years have been completed by your predecessor auditors and auditor's reports covering both the financial statements audit and value for money work have been issued. The National Audit Office continues to explore ways to escalate the timely completion of all outstanding local government audits.

Independence, objectivity and other services provided

Auditor independence

We confirm that we comply with the Financial Reporting Council's (FRC) Ethical Standard and are able to issue an objective opinion on the financial statements. We have also complied with the NAOs Auditor Guidance Note 01, issued in September 2022, which contains supplementary guidance on ethical requirements for auditors of local public bodies. We have considered our integrity, independence and objectivity in respect of audit services provided and we do not believe that there are any significant threats or matters which should be bought to your attention.

Other services

No other services were provided by Azets to the PCC or Chief Constable.

Fees

PSAA set a fee scale for each audit that assumes the audited body has sound governance arrangements in place, has been operating effectively throughout the year, prepares comprehensive and accurate draft accounts and meets the agreed timetable for audit. This fee scale is reviewed by PSAA each year and adjusted, if necessary, based on auditors' experience, new requirements, or significant changes to the audited body. The fee may be varied above the fee scale to reflect the circumstances and local risks within the audited body.

Our estimated fee (excluding VAT) is as follows:

Audit fee 2023/24	PCC £	CC £
Base fee for the audit of the financial statements (as set out in the fee scales issued by PSAA)	93,959	46,109
New auditing standards: ISA315 and ISA240	14,094	6,916
Transfer of data to new financial ledger	7,000	11,500
Initial audit fee	**115,053**	**64,525**
Additional work arising from prior year audit outcomes	TBC	TBC
Proposed audit fee	**TBC**	**TBC**

This fee is estimated based on our understanding at this point in time and may be subject to change. Our planned fee is on the basis that our expectations set out on page 17 are met.

It is our policy to bill for overruns or scope extensions e.g., where we have incurred delays, deliverables have been late or of poor quality, where key personnel have not been available, or we have been asked to do extra work.

Our policy is to raise fees to account at appropriate stages of the audit such as during the audit planning, the interim visit, the final audit and once the financial statements have been signed.

Appendix I: Materiality

Whilst our audit procedures are designed to identify misstatements which are material to our audit opinion, we also report to those charged with governance and management any uncorrected misstatements of lower value errors to the extent that our audit identifies these. Under ISA (UK) 260 we are obliged to report uncorrected omissions or misstatements other than those which are ‘clearly trivial’ to those charged with governance. ISA (UK) 260 defines ‘clearly trivial’ as matters that are clearly inconsequential, whether taken individually or in aggregate and whether judged by any quantitative or qualitative criteria.

An omission or misstatement is regarded as material if it would reasonably influence the users of the financial statements. The assessment of what is material is a matter of professional judgement and is affected by our assessment of the risk profile of the Chief Constable, PCC and group and the needs of the users. When planning, we make judgements about the size of misstatements which we consider to be material, and which provide a basis for determining the nature and extent of our audit procedures. Materiality is revised as our audit progresses, should we become aware of any information that would have caused us to determine a different amount had we known about it during our planning.

Our assessment, at the planning stage, of materiality for the year ended 31 March 2024 was calculated as follows:

	Group £’000	PCC £’000	CC £’000	Explanation
Overall materiality for the financial statements	4,540	4,635	4,275	2% of gross revenue expenditure based on the draft financial statements as at 31 March 2023. This will be reassessed upon receipt of the draft accounts. **We use the lowest materiality figure for all entities in the group** The financial statements are considered to be materially misstated where total errors exceed this value.
Performance materiality	2,724	2,782	2,565	60% of materiality. Audit work will be performed to capture individual errors at this level. **We use the lowest materiality figure for all entities in the group**
Trivial threshold	227	231	213	5% of overall materiality. **We use the lowest materiality figure for all entities in the group** Individual errors above this threshold are communicated to those charged with governance.

In addition to the above, we consider any areas for specific lower materiality. We have determined that no specific materiality levels need to be set for this audit.

Appendix II: Group audit scope and risk assessment

As Group auditor under ISA (UK) 600 (Revised November 2019) we are required to obtain sufficient appropriate audit evidence regarding the financial information of the components and the consolidation process to express an opinion on whether the group financial statements are prepared, in all material respects, in accordance with the applicable financial reporting framework.

Group audit scope

The Group consists of the following entities:

Component	Significant?	Level of response required	Planned audit approach
Police and Crime Commissioner for Staffordshire PCC	Yes	Comprehensive	Full scope statutory audit
Chief Constable for Staffordshire CC	Yes	Comprehensive	Full scope statutory audit

Comprehensive The component is of such significance to the Group as a whole that an audit of the components financial statements is required for group reporting purposes.

Risks at the component-level

The risks identified at the PCC and Chief Constable are set out in this external audit plan.

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