Police and Crime Commissioner for Leicestershire and Chief Constable of Leicestershire

External Audit Plan 2014/15
**Contents**

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Executive summary</td>
<td>2</td>
</tr>
<tr>
<td>Audit approach</td>
<td>3</td>
</tr>
<tr>
<td>Risk of fraud</td>
<td>11</td>
</tr>
<tr>
<td>Your PwC team</td>
<td>13</td>
</tr>
<tr>
<td>Your audit fees</td>
<td>14</td>
</tr>
<tr>
<td><strong>Appendices</strong></td>
<td>15</td>
</tr>
<tr>
<td>Appendix A: Independence threats and safeguards</td>
<td>16</td>
</tr>
<tr>
<td>Appendix B: Communications Plan</td>
<td>17</td>
</tr>
<tr>
<td>Appendix C: Audit quality</td>
<td>18</td>
</tr>
<tr>
<td>Appendix D: Other engagement information</td>
<td>22</td>
</tr>
</tbody>
</table>

**Code of Audit Practice and Statement of Responsibilities of Auditors and of Audited Bodies**

In April 2010 the Audit Commission issued a revised version of the ‘Statement of responsibilities of auditors and of audited bodies’. It is available from the Chief Executive of each audited body. The purpose of the statement is to assist auditors and audited bodies by explaining where the responsibilities of auditors begin and end and what is to be expected of the audited body in certain areas. Our reports and management letters are prepared in the context of this Statement. Reports and letters prepared by appointed auditors and addressed to members or officers are prepared for the sole use of the audited body and no responsibility is taken by auditors to any Member or officer in their individual capacity or to any third party.
External Audit Plan 2014/15

Background
We have prepared this audit plan to provide the Joint Audit Risk and Assurance Panel of the Police and Crime Commissioner for Leicestershire (PCC) and the Chief Constable of Leicestershire Police (CC) with information about our responsibilities as external auditors and how we plan to discharge them for the audit of the financial year ended 31 March 2015.

Framework for our audit
We are appointed as your auditors by the Audit Commission as part of a national framework contract and consequently we are required to incorporate the requirements of the Audit Commission Act 1998 and the Code of Audit Practice 2010 for local government bodies (the ‘Audit Code’) as well as the requirements of International Standards on Auditing (UK & Ireland) (‘ISAs’).

The remainder of this document sets out how we will discharge these responsibilities and we welcome any feedback or comments that you may have on our approach.

We look forward to discussing our report with you on 2 February 2015. Attending the meeting from PwC will be Richard Bacon and Ed Cooke.

Executive summary

Our Responsibilities
Our responsibilities are as follows:

- Perform an audit of the accounts in accordance with the Auditing Practice Board’s International Standards on Auditing (ISAs (UK&I)).
- Report to the National Audit Office on the accuracy of the consolidation pack the PCC and CC is required to prepare for the Whole of Government Accounts.
- Form a conclusion on the arrangements the PCC and CC has made for securing economy, efficiency and effectiveness in its use of resources.
- Consider the completeness of disclosures in the PCC and CC’s annual governance statement, identify any inconsistencies with the other information of which we are aware from our work and consider whether it complies with CIPFA / SOLACE guidance.
- Consider whether, in the public interest, we should make a report on any matter coming to our notice in the course of the audit.
- Determine whether any other action should be taken in relation to our other responsibilities under the Audit Commission Act.
- Issue a certificate that we have completed the audit in accordance with the requirements of the Audit Commission Act 1998 and the Code of Practice issued by the Audit Commission.
The PwC Audit

1. **Client acceptance & independence**
2. **Deep business understanding**
3. **Relevant risks**
4. **Intelligent scoping**
5. **Robust testing**
6. **Meaningful conclusions**

PwC's audit is built on a foundation of smart people, a smart approach and smart technology. This together with our six-step audit process, results in an audit that is robust, insightful and relevant.

Our unique methodology involves our people, a tailored audit approach and our use of technology. Our ‘smart’ approach underpins your audit. The core elements of our audit are outlined below:

**Client acceptance & independence**
Our audit engagement begins with an evaluation of the PCC and CC on our ‘acceptance & continuance system’ which highlights an overall engagement risk score and highlights areas of heightened risk.
At the beginning of our audit process we are also required to assess our independence as your external auditor. We have made enquiries of all PwC teams providing services to you and of those responsible in the UK Firm for compliance matters and there are no matters which we perceive may impact our independence and objectivity of the audit team. At the date of this plan we confirm that in our professional judgement, we are independent accountants with respect to the PCC and CC, within the meaning of UK regulatory and professional requirements and that the objectivity of the audit team is not impaired.

**Deep business understanding**

**Strategic context**

The PCC and CC is operating in an increasingly challenging environment where many Local Government organisations are facing a continued reduction in funding from central government and increasing demand for services.

Our risks identified later in this plan have been considered in the above context.

**Understanding your business issues**

**Relevant risks**

Our audit is risk based which means that we focus on the areas that matter. We have carried out a risk assessment for 2014/15 prior to considering the impact of controls, as required by auditing standards, which also draws on our understanding of your business.

We determine if risks are significant, elevated or normal and whether we are concerned with fraud, error or judgement as this helps to drive the design of our testing procedures:

<table>
<thead>
<tr>
<th></th>
<th>Significant</th>
<th>Other</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Those risks with the highest potential for material misstatement due to a combination of their size, nature and likelihood and which, in our judgement, require specific audit consideration.</td>
<td>Although not considered significant, the nature of the balance/area requires specific consideration.</td>
</tr>
</tbody>
</table>

The table below highlights all risks which we consider to be either significant or elevated in relation to our audit for the year ended 31 March 2015.
<table>
<thead>
<tr>
<th>Risk</th>
<th>Categorisation</th>
<th>Audit approach</th>
</tr>
</thead>
</table>
| Management override of controls                                     | Significant    | As part of our assessment of your control environment we will consider those areas where management could use discretion outside of the financial controls in place to misstate the financial statements.  
We will perform procedures to:  
- Review the appropriateness of accounting policies and estimation bases, focusing on any changes not driven by amendments to reporting standards;  
- Test the appropriateness of journal entries and other year-end adjustments, targeting higher risk items such as those that affect the reported deficit/surplus;  
- Review accounting estimates for bias and evaluate whether judgment and estimates used are reasonable (for example pension scheme assumptions, valuation and impairment assumptions);  
- Evaluate the business rationale underlying significant transactions outside the normal course of business; and  
- Perform unpredictable procedures targeted on fraud risks.  
We may perform other audit procedures if necessary.                  |
| Risk of fraud in revenue and expenditure recognition                | Significant    | We will obtain an understanding of revenue and expenditure controls.  
We will evaluate and test the accounting policy for income and expenditure recognition to ensure that this is consistent with the requirements of the Code of Practice on Local Authority Accounting.  
We will also perform detailed testing of revenue and expenditure transactions, focusing on the areas we consider to be of greatest risk. |
### Risk: Valuations / Impairment

Property, plant and equipment (PPE) represents the largest balance in the Police's statement of financial position. The organisation measures its properties at fair value which involves a range of assumptions and the use of external valuation expertise. ISAs (UK&I) 500 and 540 require us to undertake certain procedures on the use of external expert valuers as well as the processes and assumptions underlying fair value estimates.

A full valuation of your estate is planned for 2014/15.

Specific areas of audit risk regarding any valuation of land and buildings includes:

- The accuracy and completeness of detailed information on assets;
- Whether the organisation’s assumptions underlying the classification of properties are appropriate; and
- The valuer’s methodology, assumptions and underlying data, and our access to these.

### Categorisation

- Other •

### Audit approach

We will undertake the following specific procedures:

- consider and validate a sample of the material valuation undertaken and the input data on which the valuation is based;
- review the assumptions and the estimates used in the valuation performed by the valuer;
- review the organisation’s consideration of the period from the date of the valuation to the reporting period end date and undertake our own assessment of this; and
- check to ensure the valuation information has been correctly input into the Fixed Asset Register and recorded appropriately in the accounts.

To undertake this assessment we will consult with our own internal valuation specialists if appropriate.
**Risk**

**Climate: Short / Medium Term Financial Strategy and Financial Standing**

Significant challenges continue around reducing costs over the next few years.

During 2012/13 and 2013/14 you have continued to deliver savings. However, the environment continues to be challenging.

**Categorisation**

Other

**Audit approach**

In forming our Value for Money conclusions, we will review your Medium Term Financial Strategy. We will wish to understand how you have developed and continue to develop the strategy and will compare the assumptions you have used to comparative benchmarks and best practice.

In particular, we will review:

- the governance structure in place to deliver your plans;
- how you have managed your 2014/15 savings programme;
- the key assumptions included in the MTFS;
- the sensitivity of key assumptions to change;
- the impact of potential changes to key assumptions and the rigour behind the MTFS;
- the prioritisation of resources as part of the MTFS;
- your arrangements to review the value for money which you provide; and
- the adequacy of your planned level of reserves and contingencies against your stated policy and the level of future risk in delivering the MTFS.
Intelligent scoping
Materiality

<table>
<thead>
<tr>
<th></th>
<th>Group £</th>
<th>PCC £</th>
<th>CC £</th>
</tr>
</thead>
<tbody>
<tr>
<td>Overall materiality</td>
<td>5,550,000</td>
<td>3,844,000</td>
<td>4,066,000</td>
</tr>
<tr>
<td>Clearly trivial reporting de minimis</td>
<td>192,000</td>
<td>192,000</td>
<td>192,000</td>
</tr>
</tbody>
</table>

We set overall materiality to assist our planning of the overall audit strategy and to assess the impact of any adjustments identified.

Overall materiality has been set at 2% of expenditure for the year ended 31 March 2014. We will update this assessment as necessary when the 2014/15 draft accounts are produced and there is a significant movement.

ISA (UK&I) 450 (revised) requires that we record all misstatements identified except those which are “clearly trivial” i.e. those which we do expect not to have a material effect on the financial statements even if accumulated. We would like to seek the Audit Committee’s views on this de minimis threshold for 2014/15; this is in line with the benchmark and rationale approved in 2014/15.
Robust Testing

Where we do our work
As previously mentioned our audit is risk based which means we focus our work on those areas which, in our judgement, are most likely to lead to a material misstatement. In summary, we will:

- Consider the key risks arising from internal developments and external factors such as policy, regulatory or accounting changes;
- Consider the robustness of the control environment, including the governance structure, the operating environment, the information systems and processes and the financial reporting procedures in operation;
- Understand the control activities operating over key financial cycles which affect the production of the year-end financial statements;
- Validate key controls relevant to the audit approach; and
- Perform substantive testing on transactions and balances as required.

When we do our work
Our audit is designed to quickly consider and evaluate the impact of issues arising to ensure that we deliver a no surprises audit at year-end. This involves early testing at an interim stage and open and timely communication with management to ensure that we meet all statutory reporting deadlines. We engage early, enabling us to debate issues with you. We have summarised our formal communications plan in Appendix B.

Value for Money Work
Our value for money code responsibility requires us to carry out sufficient and relevant work in order to conclude on whether the PCC and CC has put in place proper arrangements to secure economy, efficiency and effectiveness in the use of resources.

The Audit Commission guidance includes two criteria:

- The organisation has proper arrangements in place for securing financial resilience; and
- The organisation has proper arrangements for challenging how it secures economy, efficiency and effectiveness.

We determine a local programme of audit work based on our audit risk assessment, informed by these criteria and our statutory responsibilities.

Annual Governance Statement
Local Authorities are required to produce an Annual Governance Statement (AGS), which is consistent with guidance issued by CIPFA / SOLACE: “Delivering Good Governance in Local Government”. The AGS is required to be presented by the Authority with the Statement of Accounts.

We will review the AGS to consider whether it complies with the CIPFA / SOLACE “Delivering Good Governance in Local Government” framework and whether it is misleading or inconsistent with other information known to us from our audit work.

Whole of Government Accounts
We are required to examine the Whole of Government Accounts schedules submitted to the Department for Communities and Local Government and issue an opinion stating in our view if they are consistent or inconsistent with the Statement of Accounts.

Meaningful conclusions
We believe fundamentally in the value of the audit and that audits need to be designed to be valuable to our clients to properly fulfil our role as auditors.
In designing the audit, our primary objective is to form an independent audit opinion on the financial statements; however, we also aim to provide insight.

Audit value comes from the same source as audit quality so the work that we do in support of our audit opinion also means that we should be giving you value through our observations, recommendations and insights. We will share insights and observations with you in our audit reports throughout the year.

We have also developed a Local Government Centre of Excellence which supports your audit team in all aspects of the audit, including sharing insight and observations gained from audit teams across the country.
### Risk of Fraud

International Standards on Auditing (UK&I) state that we, as auditors, are responsible for obtaining reasonable assurance that the financial statements taken as a whole are free from material misstatement, whether caused by fraud or error. The respective responsibilities of auditors, management and those charged with governance are summarised below:

<table>
<thead>
<tr>
<th>Auditors' Responsibility</th>
<th>Management's Responsibility</th>
<th>Responsibility of the Audit Committee</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Our objectives are:</strong></td>
<td><strong>Management’s responsibilities in relation to fraud are:</strong></td>
<td><strong>Your responsibility as part of your governance role is:</strong></td>
</tr>
<tr>
<td>• To identify and assess the risks of material misstatement of the financial statements due to fraud;</td>
<td>• To design and implement programmes and controls to prevent, deter and detect fraud;</td>
<td>• To evaluate management’s identification of fraud risk, implementation of anti-fraud measures and creation of appropriate ‘tone at the top’; and</td>
</tr>
<tr>
<td>• To obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud, through designing and implementing appropriate responses; and</td>
<td>• To ensure that the entity’s culture and environment promote ethical behaviour; and</td>
<td>• To ensure any alleged or suspected instances of fraud brought to your attention are investigated appropriately.</td>
</tr>
<tr>
<td>• To respond appropriately to fraud or suspected fraud identified during the audit.</td>
<td>• To perform a risk assessment that specifically includes the risk of fraud addressing incentives and pressures, opportunities, and attitudes and rationalisation.</td>
<td></td>
</tr>
</tbody>
</table>
Conditions under which fraud may occur

Management or other employees have an incentive or are under pressure

Incentive pressure

Opportunity
Circumstances exist that provide opportunity – ineffective or absent control, or management ability to override controls

Why commit fraud?

Rationalisation / attitude
Culture or environment enables management to rationalise committing fraud – attribute or values of those involved, or pressure that enables them rationalise committing a dishonest act

Your views on fraud
We enquire of the Audit Committee:

- Whether you have knowledge of fraud, either actual, suspected or alleged, including those involving management?
- What fraud detection or prevention measures (e.g. whistleblower lines) are in place in the entity?
- What role you have in relation to fraud?
- What protocols / procedures have been established between those charged with governance and management to keep you informed of instances of fraud, either actual, suspected or alleged?
Your PwC team

The individuals in your PwC team have been selected to bring you extensive audit experience from working with organisations in the Police sector, the wider public sector. We also recognise that continuity in the audit team is important to you and the senior members of our team are committed to developing longer term relationships with you.

The core members of your audit team are:

<table>
<thead>
<tr>
<th>Audit Team</th>
<th>Responsibilities</th>
</tr>
</thead>
<tbody>
<tr>
<td>Engagement Leader</td>
<td>Engagement Leader responsible for independently delivering the audit in line with the Audit Code (including agreeing the Audit Plan, ISA 260 Report to Those Charged with Governance and the Annual Audit Letter), quality of outputs and signing of opinions and conclusions.</td>
</tr>
<tr>
<td>Richard Bacon</td>
<td><a href="mailto:Richard.f.bacon@uk.pwc.com">Richard.f.bacon@uk.pwc.com</a> 0121 265 5492</td>
</tr>
<tr>
<td>Engagement Manager</td>
<td>Manager on the assignment responsible for overall control of the audit engagement, ensuring delivery to timetable, delivery and management of targeted work and overall review of audit outputs. Completion of the Audit Plan, ISA 260 Report and Annual Audit Letter.</td>
</tr>
<tr>
<td>Ed Cooke</td>
<td><a href="mailto:Edward.j.cooke@uk.pwc.com">Edward.j.cooke@uk.pwc.com</a> 07841 563 231</td>
</tr>
</tbody>
</table>

Team Leader
Tim Baker
timothy.j.baker@uk.pwc.com 07947 589 122

Responsible for leading the field team, including the audit of the statement of accounts, and governance aspects of our work. Regular liaison with the finance team.
The Audit Commission has provided indicative scale fees for Local Authorities for the year ended 31 March 2015. No changes to the work programme have been proposed therefore scale audit fees for have been set at the same level as the fees applicable for 2013/14.

Our indicative audit fee, as agreed in our audit fee letter, compared to the actual fee for 2013/14 is as follows:

**Police and Crime Commissioner – PCC**

<table>
<thead>
<tr>
<th>Audit work performed under the Code of Audit Practice</th>
<th>Actual fee 2013/14</th>
<th>Indicative fee 2014/15</th>
</tr>
</thead>
<tbody>
<tr>
<td>- Statement of Accounts</td>
<td>43,240</td>
<td>43,240</td>
</tr>
<tr>
<td>- Conclusion on the ability of the organisation to secure proper arrangements for the economy, efficiency and effectiveness in its use of resources</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Whole of Government Accounts</td>
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</tbody>
</table>

We have based the fee level on the following assumptions:
- Officers meeting the timetable of deliverables, which we will agree in writing;
- We are able to use, as planned, the work of internal audit;
- We do not review more than 3 iterations of the statement of accounts;
- We are able to obtain assurance from your management controls;
- No significant changes being made by the Audit Commission to the local value for money work requirements; and
- Our value for money conclusion and accounts opinion being unqualified.

If these prove to be unfounded, we will seek a variation order to the agreed fee, to be discussed and agreed in advance with you and the Audit Commission.

**Chief Constable – CC**

<table>
<thead>
<tr>
<th>Audit work performed under the Code of Audit Practice</th>
<th>Actual fee 2013/14</th>
<th>Indicative fee 2014/15</th>
</tr>
</thead>
<tbody>
<tr>
<td>- Statement of Accounts</td>
<td>20,000</td>
<td>20,000</td>
</tr>
<tr>
<td>- Conclusion on the ability of the organisation to secure proper arrangements for the economy, efficiency and effectiveness in its use of resources</td>
<td></td>
<td></td>
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</table>

External Audit Plan 2014/15
Appendices
Appendix A: Independence threats and safeguards

At the beginning of our audit process we are required to assess our independence as your external auditor. We have made enquiries of all PwC teams providing services to you and of those responsible in the UK Firm for compliance matters and there are no matters which we perceive may impact our independence and objectivity of the audit team.

Relationships and Investments
Senior officers should not seek or receive personal financial or tax advice from PwC. Non-executives who receive such advice from us (perhaps in connection with employment by a client of the firm) or who also act as director for another audit or advisory client of the firm should notify us, so that we can put appropriate conflict management arrangements in place.

Therefore at the date of this plan we confirm that in our professional judgement, we are independent accountants with respect to the PCC and CC, within the meaning of UK regulatory and professional requirements and that the objectivity of the audit team is not impaired.
Appendix B: Communications Plan

Planning (January - March)
Discussion of business risks with key management and plan detailed audit approach
Detailed planning meetings with Finance, HR and IT.
Audit strategy and timetable agreed with management
Presentation of the audit strategy to those charged with governance

Interim (March)
Update understanding of key processes and controls
Key accounting and audit findings/significant deficiencies in internal control identified, discussed and resolved
Early substantive testing
Update our planning work

Completion (September)
Management letter to the Audit Committee including report on significant deficiencies in internal control.
Statutory audit opinions
Representation Letter
Annual Audit Letter

Year end audit (July)
Detailed audit testing
Review of financial statements
Clearance meetings with management

Continuous Communication
- Continuous proactive discussion of issues as and when they arise; ‘no surprises’
- Continuous evaluation and improvement of the audit
- Bringing you experience of sector and best practice
Quality is built into every aspect of the way that we deliver the audit. We take great pride in being your auditors and in the value of assurance that the audit opinion provides. A timely, independent and rigorous audit is fundamental. This in turn necessitates getting the basics right – clarity on audit risks, scope, resource, timetables, deliverables and areas of judgement – which is supported by our team that has extensive experience and relevant training.

The table below sets out some of the key ways in which we ensure we deliver a high quality audit.

<table>
<thead>
<tr>
<th>Procedure</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>People</td>
<td>Quality begins with our people. To ensure that every engagement team provides quality, we use carefully designed protocols for recruiting, training, promoting, assigning responsibility and managing and overseeing the work of our people. We invest significant amounts of time and money for the training and development of our audit professionals. Every new team member is carefully selected to ensure they have the right blend of technical expertise and industry experience to support the Authority audit.</td>
</tr>
<tr>
<td>Client acceptance and retention</td>
<td>Our client acceptance and retention standards and procedures are designed to identify risks of a client or prospective client to determine whether the risks are manageable.</td>
</tr>
<tr>
<td>Audit methodology</td>
<td>The same audit methodology is used for all Local Authority audit engagements, thereby ensuring uniformity and consistency in approach. Compliance with this methodology is regularly reviewed and evaluated. Comprehensive policies and procedures governing our accounting and auditing practice – covering professional and regulatory standards as well as implementation issues – are constantly updated for new professional developments and emerging issues, needs and concerns of the practice.</td>
</tr>
<tr>
<td>Technical consultation</td>
<td>Consultations by engagement teams, typically with senior technical partners unaffiliated with the audit engagement, are required in particular circumstances involving auditing, accounting or reporting matters including matters such as going concern and clinical quality issues. In addition, we regularly consult with our industry specialists in the Local Government Centre of Excellence and our accounting technical experts that sit on the Audit Commission Auditors’ Group.</td>
</tr>
<tr>
<td>Procedure</td>
<td>Description</td>
</tr>
<tr>
<td>----------------------------</td>
<td>-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>Technical updates</td>
<td>PwC prepares numerous publications to keep both PwC staff and our clients abreast of the latest technical guidance.</td>
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<tr>
<td></td>
<td>These include:</td>
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<td></td>
<td>• A weekly publication covering the week’s accounting and business developments;</td>
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<td></td>
<td>• A periodic publication providing in-depth analysis of significant accounting developments; and</td>
</tr>
<tr>
<td></td>
<td>• A publication issued shortly after meetings of standard setters, including IFRIC and the EITF, to provide timely feedback on issues discussed at the meeting.</td>
</tr>
<tr>
<td></td>
<td>We also provide Local Government specific technical updates through regular publications issued by our Local Government Centre of Excellence and weekly conference calls for all Local Authority engagement teams during the final audit period. We will share our technical updates with you throughout the year.</td>
</tr>
<tr>
<td>Independence standards</td>
<td>PwC has policies and systems designed to comply with relevant independence and client retention standards. Before a piece of non-audit work can begin for the Authority, it must first be authorised by the engagement leader who evaluates the project against our own internal policies and safeguards and against your policy on non-audit services. Above a certain fee threshold, we then seek approval from the Audit Commission before proceeding with any work.</td>
</tr>
<tr>
<td>Ethics</td>
<td>Our Ethics and Business Conduct Programme includes confidential communication channels to voice questions and concerns 24 hours a day, seven days a week. Confidentiality helps us to ensure that we receive the candid information and that we respond with the appropriate technical and risk management resources.</td>
</tr>
<tr>
<td>Independent review</td>
<td>Our audits are subject to ongoing review and evaluation by review teams within PwC and also by the Audit Quality Review Team (AQRT, formerly the Audit Inspection Unit). The most recent report on PwC was issued in May 2014 and although there are some areas for development identified the general theme was that audit quality has continued to improve. The firm has developed action plans for all areas for development identified by the AQRT. As auditors appointed by the Audit Commission we are also required to comply with their annual Regulatory Compliance and Quality Review programme. The results for our 2013/14 audits are expected in 2015 and will be publicly available on the Audit Commission’s website should you wish to take a look.</td>
</tr>
</tbody>
</table>
**Smart People**
We deploy quality people on your audit, supported by a substantial investment in training and in our industry programme. The members of staff deployed on your audit have been primarily taken from our dedicated Government and Public Sector team. These staff members have a wide and deep knowledge both of the organisation and the local government sector.

We use dedicated IT specialists on the audit and share their insight and experience of best practices with you.

**Smart Approach**

*Data auditing*
We use technology-enabled audit techniques to drive quality, efficiency and insight.

In 2014/15 we anticipate the work will include:

- Testing journals using data analytics, ensuring we consider the complete population of journals and target our detailed testing on the items with the highest inherent risk.

- The production of a journals ‘insight report’ which shows the comparable use of journals across the organisation and explores some of the root causes. We use the data gathered as part of our journals testing to share our findings and observations with management.

**Centre of Excellence**
We have a Centre of Excellence in the UK for Local Government which is a dedicated team of specialists which advises, assists and shares best practice with our audit teams in more complex areas of the audit.

Our team has been working side by side with the Centre of Excellence to ensure we are executing the best possible audit approach.

**Delivery centres**
We use dedicated delivery centres to deliver parts of our audit work that are routine and can be done by teams dedicated to specific tasks; for example these include confirmation procedures, preliminary independence checks and consistency and casting checks of the financial statements.

The use of our delivery centres frees up your audit team to focus on other areas of the audit.
**Smart Technology**

We have designed processes that automate and simplify audit activity wherever possible. Central to this is PwC’s Aura software, which has set the standard for audit technology. It is a powerful tool, enabling us to direct and oversee audit activities.

Aura’s risk-based approach and workflow technology results in a higher quality, more effective audit and the tailored testing libraries allow us to build standard work programmes for key Authority audit cycles.
Appendix D: Other engagement information

The Audit Commission appoint us as auditors to Police and Crime Commissioner for Leicestershire and Chief Constable of Leicestershire and the terms of our appointment are governed by:

- The Code of Audit Practice; and
- The Standing Guidance for Auditors.

There are four further matters which are not currently included within the guidance, but which our firm’s practice requires that we raise with you.

Electronic communication

During the engagement we may from time to time communicate electronically with each other. However, the electronic transmission of information cannot be guaranteed to be secure, virus or error free and such information could be intercepted, corrupted, lost, destroyed, arrive late or incomplete or otherwise be adversely affected or unsafe to use.

PwC partners and staff may also need to access PwC electronic information and resources during the engagement. You agree that there are benefits to each of us in their being able to access the PwC network via your internet connection and that they may do this by connecting their PwC laptop computers to your network. We each understand that there are risks to each of us associated with such access, including in relation to security and the transmission of viruses.

We each recognise that systems and procedures cannot be a guarantee that transmissions, our respective networks and the devices connected to these networks will be unaffected by risks such as those identified in the previous two paragraphs. We each agree to accept the risks of and authorise (a) electronic communications between us and (b) the use of your network and internet connection as set out above. We each agree to use commercially reasonable procedures (i) to check for the then most commonly known viruses before either of us sends information electronically or we connect to your network and (ii) to prevent unauthorised access to each other’s systems.

We shall each be responsible for protecting our own systems and interests and you and PwC (in each case including our respective directors, members, partners, employees, agents or servants) shall have no liability to each other on any basis, whether in contract, tort (including negligence) or otherwise, in respect of any error, damage, loss or omission arising from or in connection with the electronic communication of information between us and our reliance on such information or our use of your network and internet connection.

The exclusion of liability in the previous paragraph shall not apply to the extent that such liability cannot by law be excluded.
Access to audit working papers
We may be required to give access to our audit working papers to the Audit Commission or the National Audit Office for quality assurance purposes.

Quality arrangements
We want to provide you at all times with a high quality service to meet your needs. If at any time you would like to discuss with us how our service could be improved or if you are dissatisfied with any aspect of our services, please raise the matter immediately with the partner responsible for that aspect of our services to you. If, for any reason, you would prefer to discuss these matters with someone other than that partner, please contact Richard Bacon, our Government & Public Sector Assurance Lead Partner at our office at Cornwall Court, Birmingham, B3 2DT, or James Chalmers, UK Head of Assurance, at our office at 1 Embankment Place, London, WC2N 6NN. In this way we can ensure that your concerns are dealt with carefully and promptly. We undertake to look into any complaint carefully and promptly and to do all we can to explain the position to you. This will not affect your right to complain to the Institute of Chartered Accountants in England and Wales or to the Audit Commission.

Events arising between signature of accounts and their publication
ISA (UK&I) 560 places a number of requirements on us in the event of material events arising between the signing of the accounts and their publication. You need to inform us of any such matters that arise so we can fulfil our responsibilities.

If you have any queries on the above, please let us know before approving the Audit Plan or, if arising subsequently, at any point during the year.
In the event that, pursuant to a request which Police and Crime Commissioner for Leicestershire and Chief Constable of Leicestershire has received under the Freedom of Information Act 2000, it is required to disclose any information contained in this report, it will notify PwC promptly and consult with PwC prior to disclosing such report. Police and Crime Commissioner for Leicestershire and Chief Constable of Leicestershire agrees to pay due regard to any representations which PwC may make in connection with such disclosure and Police and Crime Commissioner for Leicestershire and Chief Constable of Leicestershire shall apply any relevant exemptions which may exist under the Act to such report. If, following consultation with PwC, Police and Crime Commissioner for Leicestershire and Chief Constable of Leicestershire discloses this report or any part thereof, it shall ensure that any disclaimer which PwC has included or may subsequently wish to include in the information is reproduced in full in any copies disclosed.

This document has been prepared only for Police and Crime Commissioner for Leicestershire and Chief Constable of Leicestershire and solely for the purpose and on the terms agreed through our contract with the Audit Commission. We accept no liability (including for negligence) to anyone else in connection with this document, and it may not be provided to anyone else.

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