Police & Crime Commissioner for Lincolnshire / Chief Constable for Lincolnshire Police

Provisional Audit Plan

Year ended 31 March 2021

24 November 2022

Building a better working world

Police & Crime Commissioner for Lincolnshire / Chief Constable for Lincolnshire Police

24 November 2022

Police Headquarters
Deepdale Lane
Nettleham, Lincoln
LN2 2LT

Dear Mr Jones and Mr Haward,

We are pleased to attach our Provisional Audit Plan which sets out how we intend to carry out our responsibilities as your auditor. Its purpose is to provide the Joint Independent Audit Committee with a basis to review our proposed audit approach and scope for the 2020/21 audit in accordance with the requirements of the Local Audit and Accountability Act 2014, the National Audit Office's new 2020 Code of Audit Practice, the Statement of Responsibilities issued by Public Sector Audit Appointments (PSAA) Ltd, auditing standards and other professional requirements. It is also to ensure that our audit is aligned with the Committee's service expectations.

This plan summarises our initial assessment of the key risks driving the development of an effective audit for the Police and Crime Commissioner (PCC) and Chief Constable (CC), and outlines our planned audit strategy in response to those risks. We have yet to commence our detailed audit planning and will update management and the Committee on any changes to the audit risks and strategy included in this plan arising from our completed risk assessment procedures.

This report is intended solely for the information and use of the PCC, CC, Joint Independent Audit Committee and management, and is not intended to be and should not be used by anyone other than these specified parties.

We welcome the opportunity to discuss this Provisional Audit Plan with you on 5 December 2022 as well as understand whether there are other matters which you consider may influence our audit.

Yours faithfully

Mark Hodgson

Mark Hodgson, Partner

For and on behalf of Ernst & Young LLP

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Public Sector Audit Appointments Ltd (PSAA) issued the "Statement of responsibilities of auditors and audited bodies". It is available from the PSAA website (https://www.psaa.co.uk/audit-quality/statement-of-responsibilities/).The Statement of responsibilities serves as the formal terms of engagement between appointed auditors and audited bodies. It summarises where the different responsibilities of auditors and audited bodies begin and end, and what is to be expected of the audited body in certain areas.

The "Terms of Appointment (updated April 2018)" issued by the PSAA sets out additional requirements that auditors must comply with, over and above those set out in the National Audit Office Code of Audit Practice (the Code) and in legislation, and covers matters of practice and procedure which are of a recurring nature.

This report is made solely to the Joint Independent Audit Committee and management of Lincolnshire Police in accordance with the statement of responsibilities. Our work has been undertaken so that we might state to the Joint Independent Audit Committee, and management of Lincolnshire Police those matters we are required to state to them in this report and for no other purpose. To the fullest extent permitted by law we do not accept or assume responsibility to anyone other than the Joint Independent Audit Committee and management of Lincolnshire Police for this report or for the opinions we have formed. It should not be provided to any third-party without our prior written consent.

01 Overview of our 2020/21 audit strategy

Overview of our 2020/21 audit strategy

The following 'dashboard' summarises the significant accounting and auditing matters outlined in this report. It seeks to provide the Police and Crime Commissioner (PCC) and Chief Constable (CC) with an overview of our initial risk identification for the upcoming audit and any changes in risks identified in the current year.

Significant risks

Risk	Risk identified	Change from PY	Details
Misstatements due to fraud or error – management override of controls	Fraud risk	No change in risk or focus	As identified in ISA 240, management is in a unique position to perpetrate fraud because of its ability to manipulate accounting records directly or indirectly and prepare fraudulent financial statements by overriding controls that would otherwise appear to be operating effectively.
Risk of fraud in revenue and expenditure recognition – specifically inappropriate capitalisation of revenue expenditure	Fraud risk	No change in risk or focus	Under ISA 240 there is a presumed risk that revenue may be misstated due to improper revenue recognition. In the public sector, this requirement is modified by Practice Note 10 issued by the Financial Reporting Council, which states that auditors should also consider the risk that material misstatements may occur by the manipulation of expenditure recognition. For Lincolnshire Police, we consider that the risk could specifically manifest itself in the inappropriate capitalisation of revenue expenditure. In the prior year our risk was also focused on mis-classifying Revenue Expenditure Financed through Capital under Statute (REFCUS), however there is no REFCUS in the 2020/21 financial year, so we have not included this element within our risk.
Valuation of Pension Liabilities (Local Government Pension Scheme)	Significant risk	Increase from Inherent Risk	The Local Authority Accounting Code of Practice and IAS19 requires the PCC and CC to make extensive disclosures within its financial statements regarding the Local Government Pension Scheme (LGPS) in which it is an admitted body. The PCC's and the CC's current pension fund deficit is a material and sensitive item and the Code requires that this liability be disclosed on the balance sheet. The information disclosed is based on the IAS 19 report issued to the PCC and the CC by the Actuary. Accounting for this scheme involves significant estimation and judgement and therefore management engages an actuary to undertake the calculations on their behalf. ISAs (UK and Ireland) 500 and 540 require us to undertake procedures on the use of management's specialist and assumptions underlying fair value estimates. Due to the nature, volume and size of the transactions and the appointment of a new actuary to the Lincolnshire Pension Fund (Barnett Waddingham) for 2020/21, we have increased the level of risk from inherent to significant for this financial year.

Overview of our 2020/21 audit strategy (continued)

Significant risks			
Risk	**Risk identified**	**Change from PY**	**Details**
Valuation of the Police Pension Scheme Liability	Significant risk	No change in risk or focus	The Police Pension Fund valuations involve significant estimation and judgement which management engages an external specialists to provide these actuarial assumptions. A small movement in these assumptions could have a material impact on the value in the balance sheet. Following a material audit difference in 2019/20 accounts, as a result of the assumptions applied by the Police PF actuary, we have increased the level of risk from inherent to significant for this financial year.
Valuation of Land & Buildings in Property, Plant and Equipment (PPE)	Significant risk	No change in risk or focus	Property, Plant and Equipment (PPE) represent a significant balance in the Group/PCC accounts and is subject to valuation changes, impairment reviews and depreciation charges. Material judgemental inputs and estimation techniques are required to calculate the year-end PPE balances held in the balance sheet. ISAs (UK and Ireland) 500 and 540 require us to undertake procedures on the use of management's specialist and assumptions underlying fair value estimates. As Lincolnshire Police's asset base is significant, the outputs from the valuer are subject to estimation and audit differences identified in 2019/20 accounts, there is a significant risk that Land & Buildings may be under/overstated or the associated accounting entries incorrectly posted.

In addition to the significant risks above we have also identified areas of audit focus, which whilst not meeting the criteria to be treated as significant risks, do require us to focus our audit attention and procedures.

Area of audit focus	Risk identified	Change from PY	Details
Disposals of Property, Plant and Equipment – Vehicles, Plant & Furniture	Inherent risk	New risk identified in the current year	In the current year, disposals of Property, Plant & Equipment represent a significant amount at £13.4 million (a reduction from gross book and accumulated depreciation) in the Group/PCC accounts, however, there is no impact on the net book value due to the disposal. Due to the material amount of disposals there could be an increased risk that the accounting treatment and disclosures are incorrect.
Going Concern Compliance with ISA 570	Area of Focus	New change in focus	ISA 570 has been revised in response to enforcement cases and well-publicised corporate failures where the auditor's report failed to highlight concerns about the prospect of entities which collapsed shortly after. The revised standard is effective for audits of financial statements for periods commencing on or after 15 December 2019, which for the PCC/CC will be the audit of the 2020/21 financial statements.

Overview of our 2020/21 audit strategy (continued)

Materiality

	Group	CC	PCC
Planning materiality	£3.6m	£2.9m	£1.5m
Performance materiality	£2.7m	£2.2m	£1.1m
Audit differences	£183,000	£148,000	£75,000

The materiality for Group and CC has been set at £3.6 million and £2.9 million respectively, using 2% of the current year's gross expenditure on provisions of services from the draft Statement of Accounts.

The materiality for PCC has been set at £1.5 million , using 2% of the current year's total assets from the draft Statement of Accounts.

Performance materiality has been set at 75% of materiality for the Group, CC and PCC – the percentage applied has increased from 50% to 75% due to lower volume of errors reported in 2019/20 audit.

We will report all uncorrected misstatements relating to the primary statements (comprehensive Income and Expenditure Statement, Balance Sheet, Movement in Reserves Statement, Cash Flow Statement and Police Pension Fund financial statements) greater than £0.148 million for CC and £0.075 million for PCC. Other misstatements identified will be communicated to the extent that they merit the attention of the PCC and CC.

Overview of our 2020/21 audit strategy (continued)

Audit scope

This Audit Plan covers the work that we plan to perform to provide you with:

- Our audit opinion on whether the financial statements of the PCC and CC for Lincolnshire Police give a true and fair view of the financial position as at 31 March 2021 and of the income and expenditure for the year then ended; and
- Our commentary on your arrangements to secure value for money in your use of resources for the relevant period. We include further details on VFM in Section 03, highlighting the changes included in the NAO's Code of Audit Practice 2020.

We will also review and report to the National Audit Office (NAO), to the extent and in the form required by them, on the PCC's and CC's Whole of Government Accounts return.

Our audit will also include the mandatory procedures that we are required to perform in accordance with applicable laws and auditing standards.

When planning the audit we take into account several key inputs:

- Strategic, operational and financial risks relevant to the financial statements;
- Developments in financial reporting and auditing standards;
- The quality of systems and processes;
- Changes in the business and regulatory environment; and,
- Management's views on all of the above.

By considering these inputs, our audit is focused on the areas that matter and our feedback is more likely to be relevant to the PCC and CC.

Taking the above into account, and as articulated in this audit plan, our professional responsibilities require us to independently assess the risks associated with providing an audit opinion and undertake appropriate procedures in response to that. Our Terms of Appointment with PSAA allow them to vary the fee dependent on "the auditors assessment of risk and the work needed to meet their professional responsibilities". PSAA are aware that the setting of scale fees has not kept pace with the changing requirements of external audit with increased focus on, for example, the valuations of land and buildings, the valuation of pension obligations, the introduction of new accounting standards such as IFRS 9 and 15 in recent years as well as the expansion of factors impacting the Value for Money conclusion. Therefore to the extent any of these or any other risks are relevant in the context of the PCC and CC for Lincolnshire Police's audit, we will discuss these with management as to the impact on the scale fee.

Audit team changes

Key changes to our team.

Partner: Mark Hodgson
Mark is the new engagement partner for Lincolnshire Police replacing Neil Harris. Mark has over 25 years of Public Sector audit experience.
Manager: Umesh Lakhotia
Umesh is the new engagement manager for Lincolnshire Police. Umesh has a significant amount of audit experience.

02 Audit risks

Our response to significant risks

We have set out the significant risks (including fraud risks denoted by(*) identified for the current year audit along with the rationale and expected audit approach. The risks identified below may change to reflect any significant findings or subsequent issues we identify during the audit.

Risk of fraud in revenue and expenditure recognition * – specifically in inappropriate capitalisation of revenue expenditure

Financial statement impact

Misstatements that occur in relation to the risk of fraud in revenue and expenditure recognition could understate expenditure in the CIES and overstate PPE additions.

What is the risk?

Under ISA 240 there is a presumed risk that revenue may be misstated due to improper revenue recognition. In the public sector, this requirement is modified by Practice Note 10 issued by the Financial Reporting Council, which states that auditors should also consider the risk that material misstatements may occur by the manipulation of expenditure recognition.

For the Group and PCC single entity, we consider that the risk could specifically manifest itself in the inappropriate capitalisation of revenue expenditure i.e. not recognising expenditure in the Comprehensive Income and Expenditure Statement (CIES) and financing the spend from capital.

This risk has been associated to the following testing areas:

- Balance Sheet - Property, Plant and Equipment – Additions (Group and PCC)

What will we do?

In order to address this risk we will carry out a range of procedures including:

- Sample test additions to Property, Plant and Equipment to ensure that they have been correctly classified as capital and included at the correct value in order to identify any revenue items that have been inappropriately capitalised;
- Use our data analytics tool to identify and test journal entries that moved expenditure into capital codes; and
- Review and test revenue and expenditure recognition policies.

Our response to significant risks (continued)

Misstatements due to fraud or error *

Financial statement impact

The financial statements as a whole are not free of material misstatements whether caused by fraud or error.

What is the risk?

As identified in ISA (UK and Ireland) 240, management is in a unique position to perpetrate fraud because of its ability to manipulate accounting records directly or indirectly and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. We identify and respond to this fraud risk on every audit engagement.

As part of our work to identify fraud risks during the planning stages, we have identified those areas of the accounts that involve management estimates and judgements as the key areas at risk of manipulation.

What will we do?

In order to address this risk we will carry out a range of procedures including:

- Identify what specific fraud risks exist during audit planning;
- Enquire of management about risks of fraud and the controls put in place to address those risks;
- Understand the oversight given by those charged with governance of management's processes over fraud;
- Consider the effectiveness of management's controls designed to address the risk of fraud;
- Determine an appropriate strategy to address those identified risks of fraud;
- Perform overall analytical review procedures to identify any unusual movements for further investigation;
- Perform mandatory procedures regardless of specifically identified fraud risks, including tests of journal entries and other adjustments in the preparation of the financial statements;
- Review accounting estimates for evidence of management bias; and
- Evaluate the business rationale for significant unusual transactions.

Our response to significant risks (continued)

Valuation of Pension Liabilities (Local Government Pension Scheme)

Financial statement impact

Misstatements that occur in relation to the risk of valuation of the LGPS Pension liability could affect multiple balances and disclosures throughout the financial statements.

The LGPS has reported a net liability of £74.2 million at the 31 March 2021.

What is the risk?

The Local Authority Accounting Code of Practice and IAS19 require the PCC and CC to make extensive disclosures within its financial statements regarding its membership of the Local Government Pension Scheme administered by Lincolnshire County Council. The PCC and CC pension fund deficit is a material estimated balance and the Code requires that this liability be disclosed on the balance sheets. At 31 March 2021 this totalled £74.2 million.

The information disclosed is based on the IAS 19 report issued to the PCC and the CC by the Actuary. Accounting for this scheme involves significant estimation and judgement and therefore management engages an actuary to undertake the calculations on their behalf. ISAs (UK and Ireland) 500 and 540 require us to undertake procedures on the use of management's specialist and assumptions underlying fair value estimates.

Due to the nature, volume and size of the transactions and the appointment of a new actuary to the Pension Fund (Barnett Waddingham) for 2020/21, we have increased the level of risk from inherent to significant for this financial year.

What will we do?

In order to address this risk we will carry out a range of procedures including:

- liaise with the auditors of West Yorkshire Pension Fund, to obtain assurances over the information supplied to the actuary in relation to the PCC and CC;
- assess the work of the LGPS Pension Fund actuary (Barnett Waddingham) including the assumptions they have used by relying on the work of PWC - Consulting Actuaries commissioned by the NAO for all Local Auditors, and considering any relevant reviews by the EY actuarial team;
- evaluate the reasonableness of the LGPS Pension Fund actuary (Barnett Waddingham) calculations by comparing them to the outputs of our own auditor's actuarial model; and
- review and test the accounting entries and disclosures made within the PCC and CC financial statements in relation to IAS19, including any updates to the value of year end assets.

Our response to significant risks (continued)

Valuation of the Police Pension Scheme liability

Financial statement impact

Misstatements that occur in relation to the risk of valuation of the Police Pension Scheme could affect multiple balances and disclosures throughout the financial statements.

The Police Pension Scheme has reported a net liability of £1,670.1 million at the 31 March 2021.

What is the risk?

The Local Authority Accounting Code of Practice and IAS19 require the CC to make extensive disclosures within its financial statements regarding its membership of the Police Pension Scheme administered and underwritten by HM Government.

The Group and CC Pension fund deficit is a material estimated balance and the Code requires that this liability be disclosed on the balance sheets of the PCC and CC. At 31 March 2021 this totalled £1,670.1 million.

Accounting for the scheme involves significant estimation and judgement and therefore management engages an actuary to undertake the calculations on their behalf. ISAs (UK and Ireland) 500 and 540 require us to undertake procedures on the use of management experts and the assumptions underlying fair value estimates.

Following a material audit difference made in 2019/20 accounts as a result of the assumptions used by the Police PF actuary, we have increased the level of risk from inherent to significant for this financial year.

What will we do?

In order to address this risk we will carry out a range of procedures including:

- Consider the work performed by the Police Pension Fund actuary (Hymans), including the adequacy of the scope of the work performed, their professional capabilities and the results of their work;
- Assess the work of the actuary including the assumptions they have used by relying on the work of PWC - Consulting Actuaries commissioned by the NAO for all Local Auditors, and considering any relevant reviews by the EY actuarial team;
- Review and test the accounting entries and disclosures made within the financial statements in relation to IAS19;
- Gain assurance over data that has been provided to the actuary;
- Test a sample of lump sums and pension payments for new police pensioners;
- Complete a predictive analytical review for both the pensions payroll and employees and employers pension contributions; and
- Assess management's arrangements to reconcile the active and pensioner membership numbers.

Our response to significant risks (continued)

Valuation of Land & Buildings in Property, Plant and Equipment (PPE)

Financial statement impact

Misstatements that occur in relation to the risk of valuation of assets held at fair value could affect multiple balances and disclosures throughout the financial statements.
At 31 March 2021, the value of land and buildings was £38.1 million.

What is the risk?

The fair value of Property, Plant and Equipment (PPE) represents significant balances in the Group accounts and are subject to valuation changes, impairment reviews and depreciation charges. Management is required to make material judgemental inputs and apply estimation techniques to calculate the year-end balances recorded in the balance sheet.

The PCC will engage an external expert valuer who will apply a number of complex assumptions to these assets. Annually assets are assessed to identify whether there is any indication of impairment.

As the PCC's asset base is significant, the outputs from the valuer are subject to estimation and audit differences identified in 2019/20 accounts, there is a risk that PPE may be under/overstated. ISAs (UK and Ireland) 500 and 540 require us to undertake procedures on the use of management experts and the assumptions underlying fair value estimates.

What will we do?

In order to address this risk we will carry out a range of procedures including:

- consider the work performed by the external valuer, including the adequacy of the scope of the work performed, their professional capabilities and the results of their work;
- sample test key asset information used by the valuer in performing their valuation;
- consider the annual cycle of valuations to ensure that assets have been valued within a 5 year rolling programme as required by the Code for PPE. We will also consider if there are any specific changes to assets that have occurred and that these have been communicated to the valuer;
- challenge the assumptions used by the valuer by reference to external evidence and through engaging our EY Real Estate valuation specialist team – for example, significant or unusual movements in valuation;
- review assets not subject to valuation in 2020/21 to confirm that the remaining asset base is not materially misstated;
- consider changes to useful economic lives as a result of the most recent valuation; and
- test accounting entries have been correctly processed in the financial statements

Other areas of audit focus

We have identified other areas of the audit, that have not been classified as significant risks, but are still important when considering the risks of material misstatement to the financial statements and disclosures.

What is the risk/area of focus?	What will we do?
<u>Disposals of Property, Plant and Equipment – Vehicles, Plant & Furniture</u> In the current year, disposals of PPE represent a significant amount at £13.4 million (a reduction from gross block and accumulated depreciation) in the Group/PCC accounts, however, there is no impact on the net book value due to the disposal. Due to the material amount of disposals there could be an increased risk that the accounting treatment and disclosures are incorrect.	In order to address this risk we will carry out a range of procedures including: ▸ document our understanding of the processes and controls in place to mitigate the risks identified, and walk through those processes and controls to confirm our understanding; ▸ test a sample of PPE disposals to determine that the transactions are accounted for in the correct period and at correct amount; ▸ for the samples selected, we will obtain an understanding of the nature of disposals, identify circumstances which led to asset being disposed and verify the sale proceeds being received in bank; and ▸ ensure that correct accounting treatment is done with respect to accumulated depreciation and gain/loss on disposal
<u>Going Concern: Compliance with ISA570</u> This auditing standard has been revised in response to enforcement cases and well-publicised corporate failures where the auditor's report failed to highlight concerns about the prospects of entities which collapsed shortly after. The revised standard is effective for audits of financial statements for periods commencing on or after 15 December 2019, which for the PCC Group will be the audit of the 2020/21 financial statements. CIPFA's Code of Practice on Local Authority Accounting in the United Kingdom 2020/21 states that organisations can only be discontinued under statutory prescription shall prepare their accounts on a going concern basis. However, International Auditing Standard 570 Going Concern, as applied by Practice Note 10: Audit of financial statements of public sector bodies in the United Kingdom, still requires auditors to undertake sufficient and appropriate audit procedures to consider whether there is a material uncertainty on going concern that requires reporting by management within the financial statements, and within the auditor's report. (Continued over the page)	The revised standard requires: ▸ auditor's challenge of management's identification of events or conditions impacting going concern, more specific requirements to test management's resulting assessment of going concern, an evaluation of the supporting evidence obtained which includes consideration of the risk of management bias; ▸ greater work for us to challenge management's assessment of going concern, including the cashflow forecast covering the foreseeable future and its impact on liquidity; ▸ improved transparency with a new reporting requirement to provide a clear, positive conclusion on whether management's assessment is appropriate, and to set out the work we have done in this respect. While the PCC Group are not one of the three entity types listed, we will ensure compliance with any updated reporting requirements;

Other areas of audit focus

We have identified other areas of the audit, that have not been classified as significant risks, but are still important when considering the risks of material misstatement to the financial statements and disclosures.

What is the risk/area of focus?	What will we do?
<u>Going Concern: Compliance with ISA570 (continued)</u> The revised standard increases the work we are required to perform when assessing whether the PCC Group is a going concern. It means UK auditors will follow significantly stronger requirements than those required by current international standards; and we have therefore judged it appropriate to bring this to the attention of the Joint Audit Committee.	The revised standard requires (continued): ▸ will ensure compliance with any updated reporting requirements; ▸ a stand back requirement to consider all of the evidence obtained, whether corroborative or contradictory, when we draw our conclusions on going concern; and ▸ necessary consideration regarding the appropriateness of financial statement disclosures around going concern.

03 Value for Money Risks

Value for Money

The NAO has a new Code of Audit Practice for 2020/21. The impact on the PCC/CC and our responsibilities are summarised in the table below.

PCC/CC responsibilities for value for money

The PCC/CC is required to maintain an effective system of internal control that supports the achievement of its policies, aims and objectives while safeguarding and securing value for money from the public funds and other resources at its disposal.

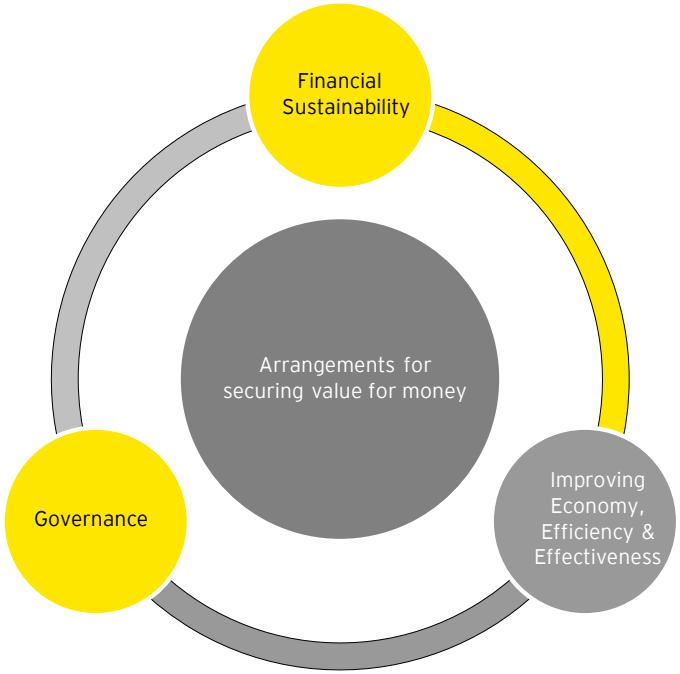
As part of the material published with the financial statements, the PCC/CC is required to bring together commentary on the governance framework and how this has operated during the period in a governance statement. In preparing the governance statement, the PCC/CC tailors the content to reflect its own individual circumstances, consistent with the requirements of the relevant accounting and reporting framework and having regard to any guidance issued in support of that framework. This includes a requirement to provide commentary on arrangements for securing value for money from the use of resources.

Auditor responsibilities under the new Code

Under the 2020 Code we are still required to consider whether the PCC/CC has put in place 'proper arrangements' to secure economy, efficiency and effectiveness on its use of resources. However, there is no longer overall evaluation criterion which we need to conclude on. Instead the 2020 Code requires the auditor to design their work to provide them with sufficient assurance to enable them to report to the PCC/CC a commentary against specified reporting criteria (see below) on the arrangements the PCC/CC has in place to secure value for money through economic, efficient and effective use of its resources for the relevant period.

The specified reporting criteria are:

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



Value for Money

Planning and identifying VFM risks

The NAO's guidance notes requires us to carry out a risk assessment which gathers sufficient evidence to enable us to document our evaluation of the PCC/CC's arrangements, in order to enable us to draft a commentary under the three reporting criteria. This includes identifying and reporting on any significant weaknesses in those arrangements and making appropriate recommendations. This is a change to 2015 Code guidance notes where the NAO required auditors as part of planning, to consider the risk of reaching an incorrect conclusion in relation to the overall criterion.

In considering the PCC/CC's arrangements, we are required to consider:

- The PCC/CC's governance statement;
- Evidence that the PCC/CC's arrangements were in place during the reporting period;
- Evidence obtained from our work on the accounts;
- The work of inspectorates and other bodies; and
- Any other evidence source that we regards as necessary to facilitate the performance of our statutory duties.

We then consider whether there is evidence to suggest that there are significant weaknesses in arrangements. The NAO's guidance is clear that the assessment of what constitutes a significant weakness and the amount of additional audit work required to adequately respond to the risk of a significant weakness in arrangements is a matter of professional judgement. However, the NAO states that a weakness may be said to be significant if it:

- Exposes – or could reasonably be expected to expose – the PCC/CC to significant financial loss or risk;
- Leads to – or could reasonably be expected to lead to – significant impact on the quality or effectiveness of service or on the PCC/CC's reputation;
- Leads to – or could reasonably be expected to lead to – unlawful actions; or
- Identifies a failure to take action to address a previously identified significant weakness, such as failure to implement or achieve planned progress on action/improvement plans.

We should also be informed by a consideration of:

- The magnitude of the issue in relation to the size of the PCC/CC;
- Financial consequences in comparison to, for example, levels of income or expenditure, levels of reserves (where applicable), or impact on budgets or cashflow forecasts;
- The impact of the weakness on the PCC/CC's reported performance;
- Whether the issue has been identified by the PCC/CC's own internal arrangements and what corrective action has been taken or planned;
- Whether any legal judgements have been made including judicial review;
- Whether there has been any intervention by a regulator or Secretary of State;
- Whether the weakness could be considered significant when assessed against the nature, visibility or sensitivity of the issue;
- The impact on delivery of services to local taxpayers; and
- The length of time the PCC/CC has had to respond to the issue.

Value for Money

Responding to identified risks

Where our planning work has identified a risk of significant weakness, the NAO's guidance requires us to consider what additional evidence is needed to determine whether there is a significant weakness in arrangements and undertake additional procedures as necessary, including where appropriate, challenge of management's assumptions. We are required to report our planned procedures to the Joint Independent Audit Committee.

Reporting on VFM

In addition to the commentary on arrangements, where we are not satisfied that the PCC/CC has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources the 2020 Code has the same requirement as the 2015 Code in that we should refer to this by exception in the audit report on the financial statements.

However, a new requirement under the 2020 Code is for us to include the commentary on arrangements in a new Auditor's Annual Report. The 2020 Code states that the commentary should be clear, readily understandable and highlight any issues we wish to draw to the PCC/CC's attention or the wider public. This should include details of any recommendations arising from the audit and follow-up of recommendations issued previously, along with our view as to whether they have been implemented satisfactorily.

Status of our 2020/21 VFM planning

We have yet to conclude our detailed VFM planning. However, one area of focus will be on the arrangements that the PCC/CC has in place in relation to financial sustainability – including the impact of Covid-19 on the medium term financial planning.

We will update the Joint Independent Audit Committee on the outcome of our VFM planning and our planned response to any additional identified risks of significant weaknesses in arrangements.

04 Audit materiality

Audit materiality

Materiality

For planning purposes, materiality for 2020/21 has been set out at £2.959 million and £1.499 million for CC and PCC respectively. The Group materiality is set at £3.661 million.

	Group	PCC	CC
Materiality basis	2% of the reported 2020/21 gross expenditure on provisions of services	2% of the reported 2020/21 total assets	2% of the reported 2020/21 gross expenditure on provisions of services
Planning materiality	£3.661 million	£1.499 million	£2.959 million
Performance materiality	£2.746 million	£1.124 million	£2.219 million
Audit differences	£0.183 million	£0.075 million	£0.148 million

Materiality will be reassessed throughout the audit process.

We have provided supplemental information about audit materiality in Appendix C.

We request that the PCC and CC confirm their understanding of, and agreement to, these materiality and reporting levels.

Key definitions

Planning materiality – the amount over which we anticipate misstatements would influence the economic decisions of a user of the financial statements.

Performance materiality – the amount we use to determine the extent of our audit procedures. We have set performance materiality at 75% of planning materiality, the percentage applied has increased from 50% to 75% in the current year due to lower volume of errors reported in 2019/20 audit.

Audit difference threshold – we propose that misstatements identified below this threshold are deemed clearly trivial. We will report to you all uncorrected misstatements over this amount relating to the comprehensive income and expenditure statement, balance sheet and the police pension fund financial statements that have an effect on income or that relate to other comprehensive income.

Other uncorrected misstatements, such as reclassifications and misstatements in the cashflow statement and movement in reserves statement or disclosures, and corrected misstatements will be communicated to the extent that they merit the attention of Joint Independent Audit Committee, or are important from a qualitative perspective.

Specific materiality – We can set a lower materiality for specific accounts disclosure e.g. remuneration disclosures, related party transactions and exit packages which reflects our understanding that an amount less than our materiality would influence the economic decisions of users of the financial statements in relation to this.

05 Scope of our audit

Our Audit Process and Strategy

Objective and Scope of our Audit scoping

Under the Code of Audit Practice our principal objectives are to review and report on the financial statements and arrangements for securing economy, efficiency and effectiveness in its use of resources to the extent required by the relevant legislation and the requirements of the Code.

We issue an audit report that covers:

1. Financial statement audit

Our objective is to form an opinion on the financial statements under International Standards on Auditing (UK and Ireland).

We also perform other procedures as required by auditing, ethical and independence standards, the Code and other regulations. We outline below the procedures we will undertake during the course of our audit.

Procedures required by standards

- Addressing the risk of fraud and error;
- Significant disclosures included in the financial statements;
- Entity-wide controls;
- Reading other information contained in the financial statements and reporting whether it is inconsistent with our understanding and the financial statements; and
- Auditor independence.

Procedures required by the Code

- Reviewing, and reporting on as appropriate, other information published with the financial statements, including the Annual Governance; and
- Reviewing and reporting on the Whole of Government Accounts return, in line with the instructions issued by the NAO.

2. Arrangements for securing economy, efficiency and effectiveness (value for money)

As outlined in Section 03, we are required to consider whether the PCC and CC has put in place 'proper arrangements' to secure economy, efficiency and effectiveness on its use of resources and report a commentary on those arrangements.

Our Audit Process and Strategy (continued)

Audit Process Overview

Our audit involves:

- Identifying and understanding the key processes and internal controls; and
- substantively testing details of transactions and amounts.

For 2020/21 we plan to follow a substantive approach to the audit as we have concluded this is the most efficient way to obtain the level of audit assurance required to conclude that the financial statements are not materially misstated.

Analytics:
We will use our computer-based analytics tools to enable us to capture whole populations of your financial data, in particular journal entries. These tools:

- Help identify specific exceptions and anomalies which can then be subject to more traditional substantive audit tests; and
- Give greater likelihood of identifying errors than random sampling techniques.

We will report the findings from our process and analytics work, including any significant weaknesses or inefficiencies identified and recommendations for improvement, to management and the Joint Independent Audit Committee.

Internal audit:
We will review Internal Audit plans and the results of their work. We will reflect the findings from these reports, together with reports from any other work completed in the year, in our ongoing assessment, where they raise issues that could have an impact on the overall control environment or financial statements.

06 Audit team

Audit team

The engagement team would be led by Mark Hodgson (Engagement Partner), who is supported by Umesh Lakhotia (Engagement Manager), who is responsible for the day-to-day direction of audit work and is key point of contact for the finance team. The day-to-day audit team will be led by Rebecca Tomkins (Lead Senior).

Use of specialists

When auditing key judgements, we are often required to rely on the input and advice provided by specialists who have qualifications and expertise not possessed by the core audit team. The areas where either EY or third party specialists provide input for the current year audit are:

Area	Specialists
Valuation of Land and Buildings	We will consider any valuation aspects that may require EY valuation specialists to review any material specialist assets and the underlying assumptions used by the PCC's valuer, Align Property Partners.
Pensions disclosure	EY Pensions Advisory, PwC (Consulting Actuary to the National Audit Office) who will review the work of Barnett Waddingham, the actuaries to the Lincolnshire Pension Fund, and the Police Pension Scheme actuary, Hymans Robertson

In accordance with Auditing Standards, we will evaluate each specialist's professional competence and objectivity, considering their qualifications, experience and available resources, together with the independence of the individuals performing the work.

We also consider the work performed by the specialist in light of our knowledge of the PCC and CC's business and processes and our assessment of audit risk in the particular area. For example, we would typically perform the following procedures:

- Analyse source data and make inquiries as to the procedures used by the specialist to establish whether the source data is relevant and reliable;
- Assess the reasonableness of the assumptions and methods used;
- Consider the appropriateness of the timing of when the specialist carried out the work; and
- Assess whether the substance of the specialist's findings are properly reflected in the financial statements.

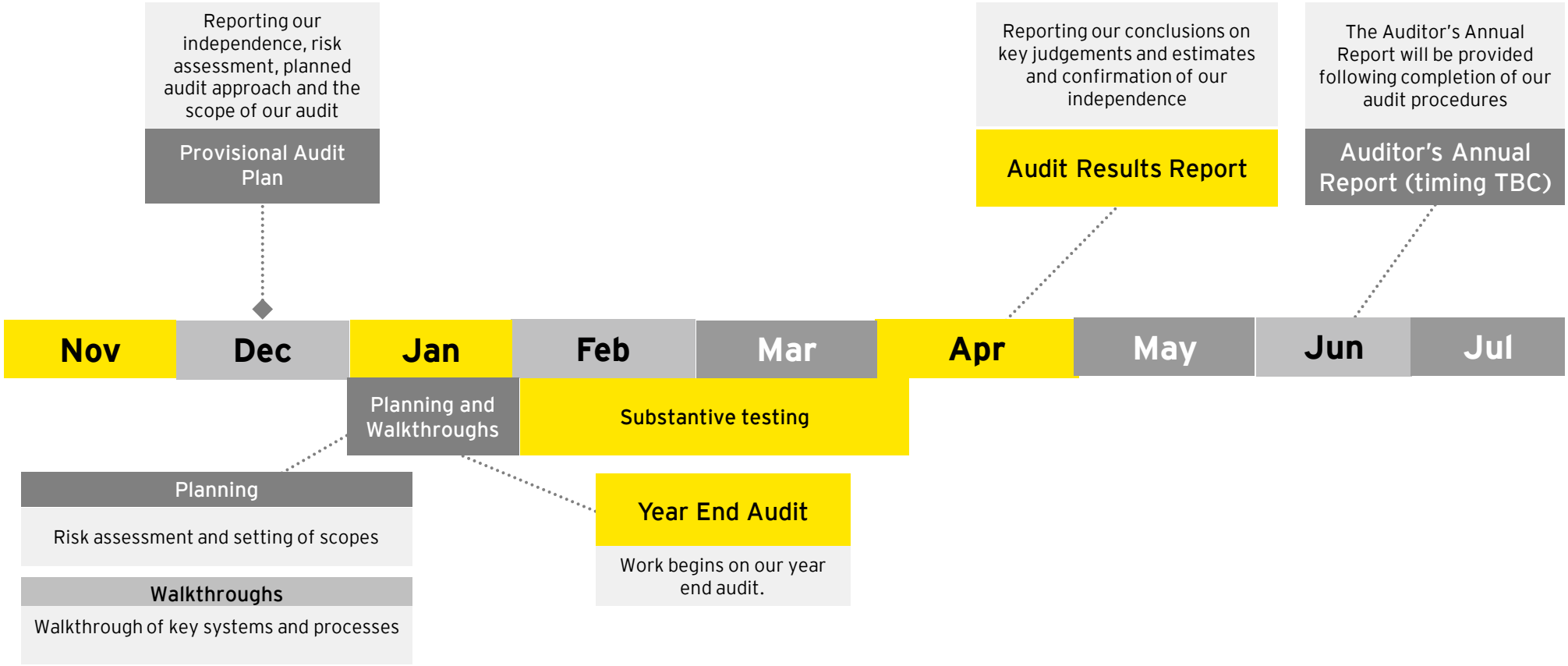
07 Audit timeline

Timetable of communication and deliverables

Timeline

Below is a timetable showing the key stages of the audit and the deliverables which we are currently discussing with officers to provide to you through the audit cycle in 2020/21.

From time to time matters may arise that require immediate communication with the PCC and CC and we will discuss them with the PCC and CC and senior management as appropriate. We will also provide updates on corporate governance and regulatory matters as necessary.



08 Independence

Introduction

The FRC Ethical Standard and ISA (UK) 260 "Communication of audit matters with those charged with governance", requires us to communicate with you on a timely basis on all significant facts and matters that bear upon our integrity, objectivity and independence. The Ethical Standard, as revised in December 2019, requires that we communicate formally both at the planning stage and at the conclusion of the audit, as well as during the course of the audit if appropriate. The aim of these communications is to ensure full and fair disclosure by us to those charged with your governance on matters in which you have an interest.

Required communications	
Planning stage	**Final stage**
▸ The principal threats, if any, to objectivity and independence identified by Ernst & Young (EY) including consideration of all relationships between the you, your affiliates and directors and us; ▸ The safeguards adopted and the reasons why they are considered to be effective, including any Engagement Quality review; ▸ The overall assessment of threats and safeguards; ▸ Information about the general policies and process within EY to maintain objectivity and independence. ▸ Where EY has determined it is appropriate to apply more restrictive independence rules than permitted under the Ethical Standard.	▸ In order for you to assess the integrity, objectivity and independence of the firm and each covered person, we are required to provide a written disclosure of relationships (including the provision of non-audit services) that may bear on our integrity, objectivity and independence. This is required to have regard to relationships with the entity, its directors and senior management, its affiliates, and its connected parties and the threats to integrity or objectivity, including those that could compromise independence that these create. We are also required to disclose any safeguards that we have put in place and why they address such threats, together with any other information necessary to enable our objectivity and independence to be assessed; ▸ Details of non-audit/additional services provided and the fees charged in relation thereto; ▸ Written confirmation that the firm and each covered person is independent and, if applicable, that any non-EY firms used in the group audit or external experts used have confirmed their independence to us; ▸ Details of any non-audit/additional services to a UK PIE audit client where there are differences of professional opinion concerning the engagement between the Ethics Partner and Engagement Partner and where the final conclusion differs from the professional opinion of the Ethics Partner ▸ Details of any inconsistencies between FRC Ethical Standard and your policy for the supply of non-audit services by EY and any apparent breach of that policy; ▸ Details of all breaches of the IESBA Code of Ethics, the FRC Ethical Standard and professional standards, and of any safeguards applied and actions taken by EY to address any threats to independence; and ▸ An opportunity to discuss auditor independence issues.

In addition, during the course of the audit, we are required to communicate with you whenever any significant judgements are made about threats to objectivity and independence and the appropriateness of safeguards put in place, for example, when accepting an engagement to provide non-audit services. We ensure that the total amount of fees that EY and our network firms have charged to you and your affiliates for the provision of services during the reporting period, analysed in appropriate categories, are disclosed.

Relationships, services and related threats and safeguards

We highlight the following significant facts and matters that may be reasonably considered to bear upon our objectivity and independence, including the principal threats, if any. We have adopted the safeguards noted below to mitigate these threats along with the reasons why they are considered to be effective. However we will only perform non –audit services if the service has been pre-approved in accordance with your policy.

Overall Assessment

Overall, we consider that the safeguards that have been adopted appropriately mitigate the principal threats identified and we therefore confirm that EY is independent and the objectivity and independence of Mark Hodgson, your audit engagement partner and the audit engagement team have not been compromised.

Self interest threats

A self interest threat arises when EY has financial or other interests in the PCC Group. Examples include where we receive significant fees in respect of non-audit services; where we need to recover long outstanding fees; or where we enter into a business relationship with you. At the time of writing, there are no long outstanding fees.

We believe that it is appropriate for us to undertake permissible non-audit services and we will comply with the policies that you have approved.

None of the services are prohibited under the FRC's ES or the National Audit Office's Auditor Guidance Note 01 and the services have been approved in accordance with your policy on pre-approval. The ratio of non audit fees to audits fees is not permitted to exceed 70%.

The current ratio of non-audit fees to audit fees is zero. No additional safeguards are required.

A self interest threat may also arise if members of our audit engagement team have objectives or are rewarded in relation to sales of non-audit services to you. We confirm that no member of our audit engagement team, including those from other service lines, has objectives or is rewarded in relation to sales to you, in compliance with Ethical Standard part 4.

There are no other self interest threats at the date of this report.

Self review threats

Self review threats arise when the results of a non-audit service performed by EY or others within the EY network are reflected in the amounts included or disclosed in the financial statements. There are no self review threats at the date of this report.

Management threats

Partners and employees of EY are prohibited from taking decisions on behalf of management of the PCC and CC. Management threats may also arise during the provision of a non-audit service in relation to which management is required to make judgements or decision based on that work. There are no management threats at the date of this report.

Other threats

Other threats, such as advocacy, familiarity or intimidation, may arise. There are no other threats at the date of this report.

New UK Independence Standards

The Financial Reporting Council (FRC) published the Revised Ethical Standard 2019 in December and it will apply to accounting periods starting on or after 16 March 2021. A key change in the new Ethical Standard will be a general prohibition on the provision of non-audit services by the auditor (and its network) which will apply to UK Public Interest Entities (PIEs). A narrow list of permitted services will continue to be allowed.

Next Steps

We will continue to monitor and assess all ongoing and proposed non-audit services and relationships to ensure they are permitted under FRC Revised Ethical Standard 2019 which will be effective from 15 March 2020. Non-audit services which are in progress as at 15 March 2020 and are permitted under the existing ethical standard will be allowed to continue under the existing engagement terms until completed.

We do not provide any non-audit services which would be prohibited under the new standard.

Other communications

EY Transparency Report 2022

Ernst & Young (EY) has policies and procedures that instil professional values as part of firm culture and ensure that the highest standards of objectivity, independence and integrity are maintained.

Details of the key policies and processes in place within EY for maintaining objectivity and independence can be found in our annual Transparency Report which the firm is required to publish by law. The most recent version of this Report is for the year end 30 June 2022:

ey-uk-transparency-report-2022.pdf

09 Appendices

Appendix A

Fees

The duty to prescribe fees is a statutory function delegated to Public Sector Audit Appointments Ltd (PSAA) by the Secretary of State for Housing, Communities and Local Government. This is defined as the fee required by auditors to meet statutory responsibilities under the Local Audit and Accountability Act 2014 in accordance with the requirements of the Code of Audit Practice and supporting guidance published by the National Audit Office, the financial reporting requirements set out in the Code of Practice on Local Authority Accounting published by CIPFA/LASAAC, and the professional standards applicable to auditors' work.

	Proposed fee 2020/21	Proposed Final Fee 2019/20
	£'s	£'s
Scale Audit Fee – Code work	34,104	34,104
Revised Proposed Scale Fee (see Note 1)	**34,104**	**34,104**
Additional work:		
Changes in work required to address professional and regulatory requirements and scope associated with risk	13,983	
2019/20 Additional Procedures required and as reported within the Annual Audit Letter, including additional work to address regulatory expectations and changes in the risk profile.	-	37,328
2020/21 Additional Procedures required in response to the additional audit risks identified in this Audit Plan in respect of: • Disposals of Property, Plant & Equipment – Vehicles, Plant & Furniture • Valuation of Pension Liabilities (Local Government Pension Scheme and Police Pension Fund); and • New VFM requirements under the revised NAO Code of Practice (above the old requirements).	TBC	-
Total fees	**TBC**	**71,432**

All fees exclude VAT

Note 1

For 2019/20 and for 2020/21 the scale fee has been re-assessed to take into account a number of risk factor as outline below:

- Procedures performed to address the risk profile of Lincolnshire Police- £7,508
- Additional work to address increase in Regulatory standards - £6,475

This additional fee has been discussed with management and is now subject to determination by PSAA Ltd. Any variations to the 2020/21 Scale Fee will also be subject to determination by PSAA Ltd.

Appendix B

Required communications with the Joint Independent Audit Committee

We have detailed the communications that we must provide to Joint Independent Audit Committee.

		Our Reporting to you
Required communications	**What is reported?**	**When and where**
Terms of engagement	Confirmation by the PCC and CC of acceptance of terms of engagement as written in the engagement letter signed by both parties.	The statement of responsibilities serves as the formal terms of engagement between the PSAA's appointed auditors and audited bodies.
Our responsibilities	Reminder of our responsibilities as set out in the engagement letter	The statement of responsibilities serves as the formal terms of engagement between the PSAA's appointed auditors and audited bodies.
Planning and audit approach	Communication of the planned scope and timing of the audit, any limitations and the significant risks identified. When communicating key audit matters this includes the most significant risks of material misstatement (whether or not due to fraud) including those that have the greatest effect on the overall audit strategy, the allocation of resources in the audit and directing the efforts of the engagement team	Provisional Audit Plan – 05 December 2022
Significant findings from the audit	▸ Our view about the significant qualitative aspects of accounting practices including accounting policies, accounting estimates and financial statement disclosures ▸ Significant difficulties, if any, encountered during the audit ▸ Significant matters, if any, arising from the audit that were discussed with management ▸ Written representations that we are seeking ▸ Expected modifications to the audit report ▸ Other matters if any, significant to the oversight of the financial reporting process	Audit Results Report – April 2023

Appendix B

Required communications with the Joint Independent Audit Committee (continued)

Required communications	What is reported?	Our Reporting to you When and where
Going concern	Events or conditions identified that may cast significant doubt on the entity's ability to continue as a going concern, including: ▸ Whether the events or conditions constitute a material uncertainty ▸ Whether the use of the going concern assumption is appropriate in the preparation and presentation of the financial statements ▸ The adequacy of related disclosures in the financial statements	Audit Results Report – April 2023
Misstatements	▸ Uncorrected misstatements and their effect on our audit opinion, unless prohibited by law or regulation ▸ The effect of uncorrected misstatements related to prior periods ▸ A request that any uncorrected misstatement be corrected ▸ Corrected misstatements that are significant ▸ Material misstatements corrected by management	Audit Results Report – April 2023
Subsequent events	▸ Enquiries of the joint independent audit committee where appropriate regarding whether any subsequent events have occurred that might affect the financial statements	Audit Results Report – April 2023
Fraud	▸ Enquiries of the PCC and CC to determine whether they have knowledge of any actual, suspected or alleged fraud affecting the entity ▸ Any fraud that we have identified or information we have obtained that indicates that a fraud may exist ▸ A discussion of any other matters related to fraud	Audit Results Report – April 2023
Related parties	▸ Significant matters arising during the audit in connection with the entity's related parties including, when applicable: ▸ Non-disclosure by management ▸ Inappropriate authorisation and approval of transactions ▸ Disagreement over disclosures ▸ Non-compliance with laws and regulations ▸ Difficulty in identifying the party that ultimately controls the entity	Audit Results Report – April 2023

Appendix B

Required communications with the Joint Independent Audit Committee (continued)

		Our Reporting to you
Required communications	**What is reported?**	**When and where**
Independence	Communication of all significant facts and matters that bear on EY's, and all individuals involved in the audit, objectivity and independence Communication of key elements of the audit engagement partner's consideration of independence and objectivity such as: ▸ The principal threats ▸ Safeguards adopted and their effectiveness ▸ An overall assessment of threats and safeguards ▸ Information about the general policies and process within the firm to maintain objectivity and independence	Provisional Audit Plan – 05 December 2022 Audit Results Report – April 2023
External confirmations	▸ Management's refusal for us to request confirmations ▸ Inability to obtain relevant and reliable audit evidence from other procedures	Audit Results Report – April 2023
Consideration of laws and regulations	▸ Audit findings regarding non-compliance where the non-compliance is material and believed to be intentional. This communication is subject to compliance with legislation on tipping off ▸ Enquiry of the PCC and CC into possible instances of non-compliance with laws and regulations that may have a material effect on the financial statements and that the PCC and CC may be aware of	Audit Results Report – April 2023
Internal controls	▸ Significant deficiencies in internal controls identified during the audit	Audit Results Report – April 2023
Group audits	▸ An overview of the type of work to be performed on the financial information of the components ▸ An overview of the nature of the group audit team's planned involvement in the work to be performed by the component auditors on the financial information of significant components ▸ Instances where the group audit team's evaluation of the work of a component auditor gave rise to a concern about the quality of that auditor's work ▸ Any limitations on the group audit, for example, where the group engagement team's access to information may have been restricted ▸ Fraud or suspected fraud involving group management, component management, employees who have significant roles in group-wide controls or others where the fraud resulted in a material misstatement of the group financial statements	Provisional Audit Plan – 05 December 2022 Audit Results Report – April 2023

Appendix B

Required communications with the Joint Independent Audit Committee (continued)

		Our Reporting to you
Required communications	**What is reported?**	**When and where**
Representations	Written representations we are requesting from management and/or those charged with governance	Audit Results Report – April 2023
Material inconsistencies and misstatements	Material inconsistencies or misstatements of fact identified in other information which management has refused to revise	Audit Results Report – April 2023
Auditors report	▸ Any circumstances identified that affect the form and content of our auditor's report	Audit Results Report – April 2023
Fee Reporting	▸ Breakdown of fee information when the audit plan is agreed ▸ Breakdown of fee information at the completion of the audit ▸ Any non-audit work	Provisional Audit Plan – 05 December 2022 Audit Results Report – April 2023

Appendix C

Additional audit information

Objective of our audit

Our objective is to form an opinion on the group's consolidated financial statements under International Standards on Auditing (UK) as prepared by you in accordance with International Financial Reporting Standards as adopted by the EU, and as interpreted and adapted by the Code of Audit Practice.

Our responsibilities in relation to the financial statement audit are set out in the formal terms of engagement between the PSAA's appointed auditors and audited bodies. We are responsible for forming and expressing an opinion on the financial statements that have been prepared by management with the oversight of the Joint Independent Audit Committee. The audit does not relieve management or the Joint Independent Audit Committee of their responsibilities.

Other required procedures during the course of the audit

In addition to the key areas of audit focus outlined in section 2, we have to perform other procedures as required by auditing, ethical and independence standards and other regulations. We outline the procedures below that we will undertake during the course of our audit.

Our responsibilities required by auditing standards	▸ Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. ▸ Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control. ▸ Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management. ▸ Concluding on the appropriateness of management's use of the going concern basis of accounting. ▸ Evaluating the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation. ▸ Obtaining sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. Reading other information contained in the financial statements, including the board's statement that the annual report is fair, balanced and understandable, the Joint Independent Audit Committee reporting appropriately addresses matters communicated by us to the Joint Independent Audit Committee and reporting whether it is materially inconsistent with our understanding and the financial statements; and ▸ Maintaining auditor independence.

Additional audit information (continued)

Other required procedures during the course of the audit (continued)	
Procedures required by the Audit Code	▸ Reviewing, and reporting on as appropriate, other information published with the financial statements, including the Annual Governance Statement. ▸ Examining and reporting on the consistency of consolidation schedules or returns with the PCC/CC's audited financial statements for the relevant reporting period
Other procedures	▸ We are required to discharge our statutory duties and responsibilities as established by the Local Audit and Accountability Act 2014 and Code of Audit Practice
We have included in Appendix B a list of matters that we are required to communicate to you under professional standards.	

Purpose and evaluation of materiality

For the purposes of determining whether the accounts are free from material error, we define materiality as the magnitude of an omission or misstatement that, individually or in the aggregate, in light of the surrounding circumstances, could reasonably be expected to influence the economic decisions of the users of the financial statements. Our evaluation of it requires professional judgement and necessarily takes into account qualitative as well as quantitative considerations implicit in the definition. We would be happy to discuss with you your expectations regarding our detection of misstatements in the financial statements.

Materiality determines:

- The locations at which we conduct audit procedures to support the opinion given on the Group financial statements; and
- The level of work performed on individual account balances and financial statement disclosures.

The amount we consider material at the end of the audit may differ from our initial determination. At this stage, however, it is not feasible to anticipate all of the circumstances that may ultimately influence our judgement about materiality. At the end of the audit we will form our final opinion by reference to all matters that could be significant to users of the accounts, including the total effect of the audit misstatements we identify, and our evaluation of materiality at that date.

EY | Assurance | Tax | Transactions | Advisory

About EY
EY is a global leader in assurance, tax, transaction and advisory services. The insights and quality services we deliver help build trust and confidence in the capital markets and in economies the world over. We develop outstanding leaders who team to deliver on our promises to all of our stakeholders. In so doing, we play a critical role in building a better working world for our people, for our clients and for our communities.
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