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15 November 2012

Dear Ann

### **Planned audit fee for 2012/13**

We are delighted to have been appointed by the Audit Commission as auditors to the Authority and look forward to providing you with a high quality external audit service for at least the next five years. We look forward to developing our relationship with you over the coming months, ensuring that you receive the quality of external audit you expect and have access to a broad range of specialist skills where you would like our support.

The Audit Commission has set its proposed work programme and scales of fees for 2012/13. In this letter we set out details of the audit fee for the Authority along with the scope and timing of our work and details of our team.

### **Scale fee**

The Audit Commission defines the scale audit fee as “the fee required by auditors to carry out the work necessary to meet their statutory responsibilities in accordance with the Code of Audit Practice. It represents the best estimate of the fee required to complete an audit where the audited body has no significant audit risks and it has in place a sound control environment that ensures the auditor is provided with complete and materially accurate financial statements with supporting working papers within agreed timeframes.”

For 2012/13, the Commission has independently set the scale fee for all bodies. The Authority's scale fee for 2012/13 is £47,477 which compares to the audit fee of £79,129 for 2011/12, a reduction of 40%.

Further details of the work programme and individual scale fees for all audited bodies are set out on the Audit Commission's website at: [www.audit-commission.gov.uk/scaleoffees1213](http://www.audit-commission.gov.uk/scaleoffees1213).

The audit planning process for 2012/13, including the risk assessment, will continue as the year progresses and fees will be reviewed and updated as necessary as our work progresses.

### **Scope of the audit fee**

Our fee is based on the risk based approach to audit planning as set out in the Code of Audit Practice and work mandated by the Audit Commission for 2012/13. It covers:

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

### **Value for money conclusion**

Under the Audit Commission Act, we must be satisfied that the Authority has adequate arrangements in place to secure economy, efficiency and effectiveness in its use of resources, focusing on the arrangements for:

- securing financial resilience; and
- prioritising resources within tighter budgets.

We undertake a risk assessment to identify any significant risks which we will need to address before reaching our value for money conclusion. We will assess the Authority's financial resilience as part of our work on the VFM conclusion and a separate report of our findings will be provided.

Our planning to date has not identified any additional work which we are required to undertake to support our VFM conclusion. We will continue to assess the Authority's arrangements and discuss any additional work required during the year.

### **Billing schedule**

Our fees are billed quarterly in advance. Given the timing of our appointment we will raise a bill for two quarter's in December 2012 with normal quarterly billing thereafter. Our fees will be billed as follows:

<b>Main Audit fee</b>	<b>£</b>
December 2012	23,739
January 2013	11,869
March 2013	11,869
<b>Total</b>	<b>47,477</b>

### **Outline audit timetable**

We will undertake our audit planning and interim audit procedures in January – February 2013. Upon completion of this phase of our work we will issue our detailed audit plan setting out our findings and details of our audit approach. Our final accounts audit and work on the VFM conclusion will be completed in June 2013 at the same time as our work on the whole of government accounts return.

<b>Phase of work</b>	<b>Timing</b>	<b>Outputs</b>	<b>Comments</b>
Audit planning and interim audit	January to February 2013	Audit plan	The plan summarises the findings of our audit planning and our approach to the audit of the Council's accounts and VFM.

Final accounts audit	May to June 2013	Report to those charged with governance	This report will set out the findings of our accounts audit and VFM work for the consideration of those charged with governance.
VFM conclusion	Jan to June 2013	Report to those charged with governance	As above
Financial resilience	Jan to June 2013	Financial resilience report	Report summarising the outcome of our work.
Whole of government accounts	June 2013	Opinion on the WGA return	This work will be completed alongside the accounts audit.
Annual audit letter	September 2013	Annual audit letter to the Authority	The letter will summarise the findings of all aspects of our work.

### **Our team**

The key members of the audit team for 2012/13 remain unchanged:

	<b>Name</b>	<b>Phone Number</b>	<b>E-mail</b>
Engagement Lead	Darren Wells	07880 456152	darren.j.wells@uk.gt.com
Engagement Manager	Steve Golding	07880 456147	steve.h.golding@uk.gt.com
Audit Executive	Graham Short	01293 554088	graham.short@uk.gt.com

### **Additional work**

The scale fee excludes any work requested by the Authority that we may agree to undertake outside of our Code audit. Each additional piece of work will be separately agreed and a detailed project specification and fee agreed with the Authority.

### **Quality assurance**

We are committed to providing you with a high quality service. If you are in any way dissatisfied, or would like to discuss how we can improve our service, please contact me in the first instance. Alternatively you may wish to contact Paul Dossett, our Public Sector Assurance regional lead partner [paul.dossett@uk.gt.com](mailto:paul.dossett@uk.gt.com)

Yours sincerely

A handwritten signature in black ink, appearing to read 'D Wells'.

Darren Wells

Director  
For Grant Thornton UK LLP

cc

Charles Kerr, Director, Finance and Corporate Services

Alison Kilpatrick, Assistant Director, Finance