



# Grant Thornton

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17 April 2013

Dear James

## Planned audit fee for 2013/14

The Audit Commission has set its proposed work programme and scales of fees for 2013/14. In this letter we set out details of the audit fee for the Council 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.”

The Council's scale fee for 2013/14 has been set by the Audit Commission at £177,390. This is the same scale fee as reported to the Audit Committee in February 2013. As discussed at the Audit Committee additional work is being undertaken to address risks identified in 2012/13. This will lead to total fees (excluding grant certification) of £212,390 being charged for 2012/13.

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/audit-regime/audit-fees/201314-fees-work-programme](http://www.audit-commission.gov.uk/audit-regime/audit-fees/201314-fees-work-programme).

The audit planning process for 2013/14, 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

The scale fee 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.

#### Chartered Accountants

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### **Value for Money conclusion**

Under the Audit Commission Act, we must be satisfied that the Council 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 Council's financial resilience as part of our work on the VfM conclusion and a separate report of our findings will be provided.

### **Certification of grant claims and returns**

The Council's composite indicative grant certification fee has been set by the Audit Commission at £27,600.

### **Pension Fund audit**

The Audit Commission has established a scale of fees for pension fund audits based on a fixed element with uplift based on the percentage of net assets. The scale fee for the audit of the pension fund is £23,427. Our work on the pension fund will be undertaken in June 2014 led by Johanna Wong.

### **Billing schedule**

Fees will be billed as follows:

<b>Main Audit fee</b>	<b>£</b>
September 2013	44,348
December 2013	44,348
March 2014	44,348
June 2014	44,346
<b>Grant Certification</b>	
June 2014	27,600
<b>Total</b>	<b>204,990</b>
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<b>Pension Fund audit</b>	
September 2014	23,427

### **Outline audit timetable**

We will undertake our audit planning and interim audit procedures in the period December 2013 – March 2014. Upon completion of this phase of our work we will issue a 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 September 2014 and work on the whole of government accounts return in September 2014.

<b>Phase of work</b>	<b>Timing</b>	<b>Outputs</b>	<b>Comments</b>
Audit planning and interim audit	December 2013 – March 2014	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	June to September 2014	Audit Findings (Report to those charged with governance)	This report sets out the findings of our accounts audit and VfM work for the consideration of those charged with governance.
VfM conclusion	January to September 2014	Audit Findings (Report to those charged with governance)	As above.
Financial resilience	January to September 2014	Financial resilience report	Report summarising the outcome of our work.
Whole of government accounts	September 2014	Opinion on the WGA return	This work will be completed alongside the accounts audit.
Annual audit letter	October 2014	Annual audit letter to the Council	The letter will summarise the findings of all aspects of our work.
Grant certification	June to November 2014	Grant certification report	A report summarising the findings of our grant certification work

### **Our team**

The key members of the audit team for 2013/14 are:

	<b>Name</b>	<b>Phone Number</b>	<b>E-mail</b>
Engagement Lead	Grant Patterson	0121 232 5268	grant.b.patterson@uk.gt.com
Engagement Manager	Erik Bagnall	0121 232 5315	erik.k.bagnall@uk.gt.com
Audit Executive	Bethan Vaghela	0121 232 5268	bethan.vaghela@uk.gt.com
Audit Executive- Pension Audit	Johanna Wong	0121 232 5262	johanna.wong@uk.gt.com

### **Other matters**

The scope of the audit and scale fee outlined above do not presently reflect the potential impact of recent developments at the Council. In particular, the creation of the Inspiring Partnerships and Enterprise Limited (ip&e) wholly owned company could have a significant impact upon our financial statements audit for 2013/14. This will be the first full year of

trading for the company. Dependent upon the services that may possibly be transferred to the company and the level of its turnover there maybe:

- issues that will require further consideration during our audit planning process; and,
- in addition, the requirements of International Accounting Standard (IAS) 27 'Consolidated and Separate Financial Statements' may require additional audit procedures to be undertaken in completing the group accounts audit.

As a result of the above, there remains the possibility that we will need to revisit the scale fee in order to reflect any additional audit risks. Should this be needed we will discuss this with you and, if necessary, seek Audit Commission approval of any proposed changes to the scale fee.

#### **Additional work**

The scale fee excludes any work requested by the Council 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 Council.

#### **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 Jon Roberts, our Public Sector Assurance regional lead partner ([jon.roberts@uk.gt.com](mailto:jon.roberts@uk.gt.com)).

Yours sincerely



**Grant Patterson**  
For Grant Thornton UK LLP