



Grant Thornton

An instinct for growth™

Our Ref: GP/JH/W09000017/L1

Rachel Musson
Treasurer
West Mercia Supplies Joint Committee
Shropshire Council
Shirehall
Abbey Foregate
Shrewsbury
SY2 6ND

Grant Thornton UK LLP
Colmore Plaza
20 Colmore Circus
Birmingham B4 6AT
T +44 (0)121 212 4000
www.grant-thornton.co.uk

20 December 2012

Dear Rachel

Planned audit fee for 2012/13

We are delighted to have been appointed by the Audit Commission as auditors to the West Mercia Supplies Joint Committee 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 Joint Committee's scale fee for 2012/13 is £18,386. However, as part of our initial audit planning we have identified additional significant risks following the sale of the supplies division and the introduction of a new general ledger in April 2012. The sale proceeds were £6.74million. The transaction is unusual and requires additional audit procedures involving the review of the accounting for the discontinuance of the supplies division arising from the agreed completion accounts with the purchasing company and the TUPE transfer of the majority of the Joint Committee's employees.

Chartered Accountants

Member firm within Grant Thornton International Ltd
Grant Thornton UK LLP is a limited liability partnership registered in England and Wales: No. OC307742. Registered office: Grant Thornton House, Melton Street, Euston Square, London NW1 2EP
A list of members is available from our registered office.

Grant Thornton UK LLP is authorised and regulated by the Financial Services Authority for investment business.

We are therefore proposing an increase in the scale fee to £23,386. This compares to the audit fee of £30,644 for 2011/12 and still represents a reduction of almost 24%. We recognise there may be potential for some compensating efficiencies in our audit following the sale of the supplies division. We cannot quantify these at this time but should these be realised then we will inform you and make an appropriate refund.

Further details of the Audit Commission's standard 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.

We also recognise that a new Joint Agreement between the participating councils is being discussed. The proposed fee is based upon the Joint Committee being a continuing organisation. If the new agreement requires the formation of a new organisation and the closing of the current one and the possibility of part-year accounts we will need to revisit our assumptions. The audit planning process for 2012/13, including the risk assessment, will therefore 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).

Value for money conclusion

Under the Audit Commission Act, we must be satisfied that the Joint Committee has adequate arrangements in place to secure economy, efficiency and effectiveness in its use of resources, focusing on a review of the annual governance statement.

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 continue to assess the Joint Committee'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 quarters in December 2012 with normal quarterly billing thereafter. Our fees will be billed as follows:

Main Audit fee	£
December 2012	9,193
March 2013	7,097
June 2013	7,096
Total	23,386

Outline audit timetable

We will undertake our audit planning and interim audit procedures in Spring 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 Summer 2013.

Phase of work	Timing	Outputs	Comments
Audit planning and interim audit	Jan to March 2013	Audit plan	The plan summarises the findings of our audit planning and our approach to the audit of the Joint Committee's accounts and VFM.
Final accounts audit	July to Sept 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	July to Sept 2013	Report to those charged with governance	As above
Annual audit letter	October 2013	Annual audit letter to the Joint Committee	The letter will summarise the findings of all aspects of our work.

Our team

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

	Name	Phone Number	E-mail
Engagement Lead	Grant Patterson	0121 232 5296 07880 456 114	grant.b.patterson@uk.gt.com
Engagement Manager	Joan Hill	0121 232 5327 07880 456 108	joan.hill@uk.gt.com
Audit Executive	Nigel Meredith	0121 232 5308	nigel.j.meredith@uk.gt.com

Additional work

The scale fee excludes any work requested by the Joint Committee 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 Joint Committee.

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.

Yours sincerely

GRANT PATTERSON
For Grant Thornton UK LLP