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23 April 2015

Dear David,

### **Planned audit fee for 2015/16**

Before it closed on 31 March 2015, the Audit Commission was asked to set the scale fees for audits for 2015/16. The Commission published its work programme and scales of fees for 2015/16 at the end of March 2015. In this letter we set out details of your audit fee 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.”

Your scale fee for 2015/16 has been set by the Audit Commission at £155,925, which compares to the audit fee of £207,900 for 2014/15. The 25% reduction in fees has been enabled by the procurement exercises run by the Commission across both the Local Government and Health sectors.

After the Commission’s closure, the 2015/16 work programme and fees will be accessible from the archived Audit Commission website from the National Archives [http://webarchive.nationalarchives.gov.uk/\\*/http://www.audit-commission.gov.uk/](http://webarchive.nationalarchives.gov.uk/*/http://www.audit-commission.gov.uk/) and on the Public Sector Audit Appointments PSAA website [psaa.co.uk](http://psaa.co.uk)

The audit planning process for 2015/16, 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 you have 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 your financial resilience as part of our work on the VfM conclusion and provide feedback in our Audit Findings Report.

### 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 remains at £30,568. Our work on the pension fund will be undertaken in June 2016 by our specialist pension fund audit team.

### Billing schedule

Fees will be billed as follows:

<b>Main Audit fee</b>	<b>£</b>
September 2015	38,981
December 2015	38,981
March 2016	38,981
June 2016	38,982
<b>Total</b>	<b>155,925</b>
<b>Pension Fund audit</b>	
March 2016	30,568

### Outline audit timetable

We will undertake our audit planning and interim audit procedures between November 2015 and March 2016. 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 June to July 2016 and work on the whole of government accounts return in September 2016.

<b>Phase of work</b>	<b>Timing</b>	<b>Outputs</b>	<b>Comments</b>
Audit planning and interim audit	November 2015- March 2016	Audit plan	The plan summarises the findings of our audit planning and our approach to the audit of your accounts and VfM.

Final accounts audit	June to July 2016	Audit Findings (Report to those charged with governance)	This report sets out the findings from our accounts audit and VfM work for the consideration of those charged with governance.
Value for Money (VfM) conclusion	Jan to July 2016	Audit Findings (Report to those charged with governance)	This report sets out the detailed findings from our VfM work for the consideration of those charged with governance.
Whole of Government Accounts (WGA)	September 2016	Opinion on the WGA return	This work will be completed alongside the accounts audit.
Annual audit letter	October 2016	Annual audit letter	The letter will summarise the findings of all aspects of our work.

### **Our team**

The key members of the audit team for 2015/16 are:

	<b>Name</b>	<b>Phone Number</b>	<b>E-mail</b>
Engagement Lead	Paul Hughes	020 7728 2256	<a href="mailto:paul.hughes@uk.gt.com">paul.hughes@uk.gt.com</a>
Engagement Manager	Nicholas White	020 7728 3357	<a href="mailto:nicholas.j.white@uk.gt.com">nicholas.j.white@uk.gt.com</a>
Pensions Audit Manager	Tom Ball	020 7728 3009	<a href="mailto:thomas.ball@uk.gt.com">thomas.ball@uk.gt.com</a>
In Charge Auditor	Stephen Richards	020 7728 3340	<a href="mailto:stephen.j.richards@uk.gt.com">stephen.j.richards@uk.gt.com</a>

### **Additional work**

The scale fee excludes any work you may request 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 you.

**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

Paul Hughes

Engagement Lead

For Grant Thornton UK LLP