



Grant Thornton

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David Cockburn
Corporate Director of Strategic and Corporate Services and Head of Paid
Services
Kent County Council
County Hall
Maidstone
Kent
ME14 1XQ

Grant Thornton UK LLP
Grant Thornton House
Melton Street
London NW1 2EP
T +44 (0)20 7383 5100
www.grant-thornton.co.uk

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Dear David

Planned audit fee for 2017/18

The Local Audit and Accountability Act 2014 provides for the introduction of a new framework for local public audit. Under these provisions, the Audit Commission closed in March 2015 and the Secretary of State for Communities and Local Government delegated some statutory functions from the Audit Commission Act 1998 to Public Sector Audit Appointments Limited (PSAA) on a transitional basis.

PSAA will oversee the Commission's audit contracts for local government bodies until they end in 2018, following the announcement by the Department for Communities and Local Government (DCLG) that it will extend transitional arrangements until 2017/18. PSAA's responsibilities include setting fees, appointing auditors and monitoring the quality of auditors' work. Further information on PSAA and its responsibilities are available on the [PSAA website](#).

Scale fee

PSAA prescribes that 'scale fees are based on the expectation that audited bodies are able to provide the auditor with complete and materially accurate financial statements, with supporting working papers, within agreed timescales'.

There are no planned changes to the overall work programme for local government audited bodies for 2017/18.

PSAA have proposed that 2017/18 scale audit fees are set at the same level as the scale fees applicable for 2016/17. The Council's scale fee for 2017/18 has been set by PSAA at £155,925.

The audit planning process for 2017/18, 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

Under the provisions of the Local Audit and Accountability Act 2014, the National Audit Office (NAO) is responsible for publishing the statutory Code of Audit Practice and

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guidance for auditors from April 2015. Audits of the accounts for 2017/18 will be undertaken under this Code, on the basis of the work programme and scale fees set out on the [PSAA website](#). Further information on the NAO Code and guidance is available on the [NAO website](#).

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.

PSAA will agree fees for considering objections from the point at which auditors accept an objection as valid, or any special investigations, as a variation to the scale fee.

Value for Money conclusion

The Code requires us to consider whether the Council has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources. This is known as the Value for Money (VfM) conclusion.

The NAO issued its guidance for auditors on value for money work in November 2015. The guidance states that for local government bodies, auditors are required to give a conclusion on whether the Council has put proper arrangements in place.

The NAO guidance identifies one single criterion for auditors to evaluate:

In all significant respects, the audited body takes properly informed decisions and deploys resources to achieve planned and sustainable outcomes for taxpayers and local people.

Pension Fund audit

PSAA 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 £30,568. Our work on the pension fund will be undertaken between March and June 2018 by our specialist pension fund audit team.

Billing schedule

Fees will be billed as follows:

Main Audit fee	£
September 2016	38,981
December 2016	38,981
March 2017	38,981
June 2017	38,982
Total	155,925
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Pension Fund audit	

Outline audit timetable

We will undertake our audit planning and interim audit procedures in December 2017 to March 2018. 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 2018 and work on the whole of government accounts return in August 2018.

Phase of work	Timing	Outputs	Comments
Audit planning and interim audit	December 2017 – March 2018	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 – July 2018	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 – July 2018	Audit Findings (Report to those charged with governance)	As above
Whole of government accounts	August 2018	Opinion on the WGA return	This work will be completed alongside the accounts audit.
Annual audit letter	October 2018	Annual audit letter to the Council	The letter will summarise the findings of all aspects of our work.

Our team

The key members of the audit team for 2017/18 are:

	Name	Phone Number	E-mail
Engagement Lead	Paul Hughes	0207 728 2256	paul.hughes@uk.gt.com
Senior Manager	Nicholas White	0207 728 3357	nicholas.j.white@uk.gt.com
Engagement Manager	Andy Conlan	07393 762 443	andy.n.conlan@uk.gt.com

In Charge Auditor	Robert Brearley	0207 383 5100	robert.j.brearley@uk.gt.com
Pensions Engagement Lead	Elizabeth Jackson	0207 728 3329	elizabeth.l.jackson@uk.gt.com
Pensions Audit Manager	Matthew Dean	0207 383 4715	matthew.dean@uk.gt.com
Pensions In Charge Auditor	Keith Mungadzi	01293 554 135	keith.mungadzi@uk.gt.com

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 Paul Dossett, our Public Sector Assurance regional lead partner, via paul.dossett@uk.gt.com.

Yours sincerely

Paul Hughes

Engagement Lead

For Grant Thornton UK LLP