

Engagement team - key contacts

Your main audit team is based in London and are all public sector specialists. However, we operate as a national practice, coordinating the work of all our offices to ensure that new ideas, good practice experiences and services are developed and disseminated to all, irrespective of location.



Paul Dossett (CPFA)
Partner
T 020 7728 3180
E paul.dossett@uk.gt.com

Paul is the Council's Engagement Lead, bringing his extensive local authority expertise to the Council. Paul will be a key contact for the Chief Executive, the Head of Finance & Procurement, other senior Council Officers and the Audit & Governance Committee.

Paul is responsible for the overall delivery of the audit including the quality of output and, signing the audit reports and conclusion



Tom Foster (ACCA)
Manager
T 020 7728 2085
E thomas.foster@uk.gt.com

Tom is responsible for the audit strategy, planning and liaison with key Council contacts to ensure the smooth running of the audit and the delivery of the overall audit plan.

Tom reviews the quality of audit outputs and ensures accuracy of reporting prior to presenting plans and reports to the Council's officers and Members.



Denis Thorpe (CPFA)
Assistant Manager
T 077 6832 6514
E denis.thorpe@uk.gt.com

Denis is responsible for managing the audit of the financial statements and is the main contact for the Head of Accounts. He is also a specialist in technical accounting and IFRS.

Denis will provide feedback to the Council throughout the audit process and will liaise closely with the Council's internal audit department to minimise duplication of work.

Engagement team - specialist support



Negat Sultan
IT Audit Manager
T 0116 247 5590
E negal.sultan@uk.gt.com

Negat is responsible for review of the Council's IT systems to complement the financial accounts process.

Negat also takes the lead on any additional work required in areas such as data quality and security. Negat led the review of data quality arrangements undertaken as part of the 2009/10 audit plan.



Nick Taylor (ACA)
Grants Manager
T 07500 815 358
E nick.taylor@uk.gt.com

Nick is responsible for the overall management of the grants audit programme and will work with the Council to coordinate the certification of the grant claims.



Guy Clifton
Government & Infrastructure Advisory
T 020 7728 2903
E guy.clifton@uk.gt.com

Guy is an Associate Director in GIA with extensive public sector experience specialising in financial, efficiency and performance reviews and transformation and change management.

Guy's expertise will be used to support our work on the Council's Value for Money conclusion.

Audit fee

What is the scale audit fee?

This is defined as the fee required by auditors to meet statutory responsibilities under the Audit Commission Act in accordance with the Code of Audit Practice 2008.

It represents the Commission's 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.

How we calculate your scale audit fee

The Council's audit fee is calculated in accordance with the Audit Commission's scale of audit fees for 2010/11. For the Council, the scale calculation includes a fixed element for a Unitary Council and a percentage of planned gross expenditure as determined by the Audit Commission.

Variations to the scale audit fee

Based on a thorough review by the audit team which includes discussions with Council Officers and Members, we then tailor our work to reflect local circumstances. This may result in a variation upwards or downwards on the scale audit fee. Any variation to the scale fee must be approved by the Audit Commission, following agreement of the proposed fee with the Council.

2010-11 audit fee

As set out in our indicative Audit Fee Letter issued March 2010, the total indicative fee for the audit for 2010/11 is **£300,000** (exclusive of VAT), this

- The scale audit fee for the Council has been calculated at £ 320,356.
- The planned fee is a 6% below the Audit Commission scale fee.

In setting the audit fee below scale, the following factors have been taken into account:

- ✓ the standard of support received from the Council's finance team in respect of the 2009/10 accounts audit;
- ✓ evidence of progress to date with the transition to IFRS; and
- ✓ the results of our value for money assessment in 2009/10.

However, the fee will be subject to continuous review and may be revised if significant new risks are identified either as part of our planning or during the audit or if we are unable to progress the audit as planned due to the timing or quality of information provided by the Council. In the event that we consider it necessary to revise the Council's audit fee upwards, we will discuss this with the Head of Corporate Finance and Procurement.

Audit fee

A summary of the audit fee is shown in the table below:

Table 2: 2010/11 audit fee

Audit area	Planned fee 2010/11	Planned fee 2009/10
Financial statements, including WGA	168,000	147,000
VfM conclusion	132,000	140,000
Total audit fee	£300,000	£287,000
Certification of claims and returns*	–	*£60,000(est.)

* the quoted fee for grant certification work is an estimate only and will be charged at published hourly rates

New approach to local VfM work – impact on the 2010/11 audit fee

The Audit Commission wrote to all council chief executives in August 2010 to advise of the new approach to local Value for Money for audit work and the impact of this on the 2010/11 audit fee following the cessation of the Comprehensive Area Assessment.

The Audit Commission confirmed to councils in this letter that the new approach will mean a reduction in audit fees from 2011/12. However, for 2010/11, the Commission has already given a 6% rebate to mitigate the increases in audit fees arising from the transition to IFRS.

No further rebate on the 2010/11 was committed to at this time by the Audit Commission; however, it was noted that the Commission Board would be considering a rebate in December 2010 when considering audit fees for 2011/12. The outcomes of this consideration will be communicated to and discussed with the Council once any announcement is made by the Audit Commission. Indicative fees for 2011/12 are also being published at this time and we expect to see a reduction in fees reflecting a reduced scope of audit and the impact of the current financial climate.

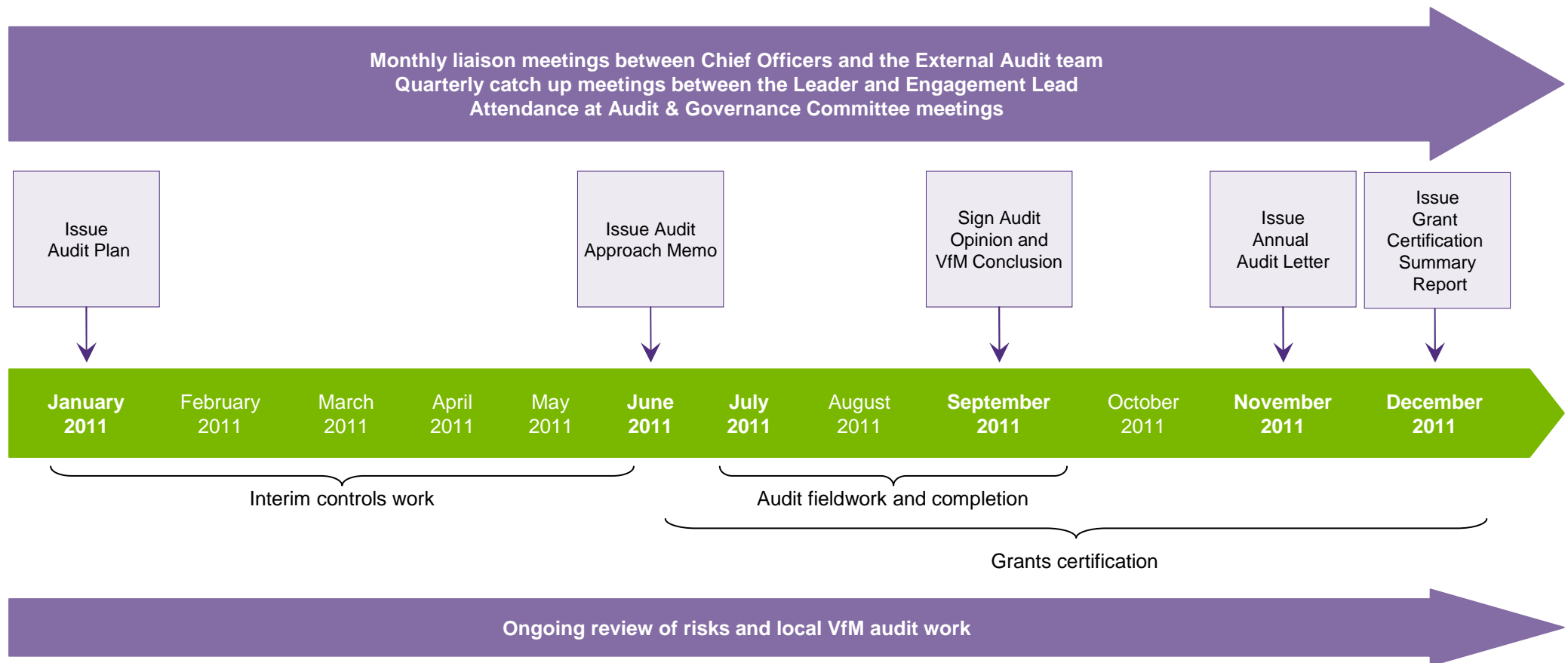
Outputs

Reports will be discussed and agreed with the appropriate officers before being issued to the Audit & Governance Committee.

Reports are addressed to the Audit & Governance Committee and management and are prepared for the sole use of the Council, and no responsibility is taken by auditors to any member or officer in their individual capacity, or to any third party.

Output	Purpose	Issue date
Audit Plan	<ul style="list-style-type: none"> • Outline audit approach • Identify initial high risk areas and our planned response • Confirm Plan with Audit & Governance Committee 	December 2010
Audit Approach Memorandum	<ul style="list-style-type: none"> • Outline our audit strategy on conclusion of detailed audit planning • Review risks and update planned response accordingly • Highlight focus areas for the audit • Confirm with Senior Officers and Audit & Governance Committee 	June 2011
Report to those charged with Governance (ISA 260)	<ul style="list-style-type: none"> • Highlight key issues arising from the audit and their resolution • Communication of adjusted and unadjusted audit differences • Improvement recommendations resulting from audit procedures 	September 2011
Auditor's Reports	<ul style="list-style-type: none"> • Report on value for money conclusion 	September 2011
Annual Audit Letter	<ul style="list-style-type: none"> • Summarises the key issues arising from our 2010/11 audit 	November 2011
Grants Claim Certification	<ul style="list-style-type: none"> • Highlights key issues arising from our grants certification work • Recommendations identified for improvement 	December 2011

Timeline



Appendix A

Independence and objectivity

We are required to communicate to you any relationships that may affect the independence and objectivity of the audit team. We comply with the ethical standards issued by the APB and with the Commission's requirements in respect of independence and objectivity as summarised below.

Auditors appointed by the Audit Commission are required to comply with the Commission's Code of Audit Practice and Standing Guidance for Auditors, which defines the terms of my appointment. When auditing the financial statements auditors are also required to comply with auditing standards and ethical standards issued by the Auditing Practices Board (APB).

The main requirements of the Code of Audit Practice, Standing Guidance for Auditors and the standards are summarised below.

International Standard on Auditing (UK and Ireland) 260 (Communication of audit matters with those charged with governance) requires that the appointed auditor:

- discloses in writing all relationships that may bear on the auditor's objectivity and independence, the related safeguards put in place to protect against these threats and the total amount of fee that the auditor has charged the client
- confirms in writing that the APB's ethical standards are complied with and that, in the auditor's professional judgement, they are independent and their objectivity is not compromised.

The standard defines 'those charged with governance' as 'those persons entrusted with the supervision, control and direction of an entity'. In your case, the appropriate addressee of communications from the auditor to those charged with governance is the audit & governance committee. The auditor reserves the right, however, to communicate directly with the authority on matters which are considered to be of sufficient importance.

The Commission's Code of Audit Practice has an overriding general requirement that appointed auditors carry out their work independently and objectively, and ensure that they do not act in any way that might give rise to, or could reasonably be perceived to give rise to, a conflict of interest. In particular, appointed auditors and their staff should avoid entering into any official, professional or personal relationships which may, or could reasonably be perceived to, cause them inappropriately or unjustifiably to limit the scope, extent or rigour of their work or impair the objectivity of their judgement.

The Standing Guidance for Auditors includes a number of specific rules. The key rules relevant to this audit appointment are as follows:

- Appointed auditors should not perform additional work for an audited body (i.e. work over and above the minimum required to meet their statutory responsibilities) if it would compromise their independence or might give rise to a reasonable perception that their independence could be compromised. Where the audited body invites the auditor to carry out risk-based work in a particular area that cannot otherwise be justified as necessary to support the auditor's opinion and conclusions, it should be clearly differentiated within the audit plan as being 'additional work' and charged for separately from the normal audit fee.
- Auditors should not accept engagements that involve commenting on the performance of other auditors appointed by the Commission on Commission work without first consulting the Commission.
- The Engagement Lead responsible for the audit should, in all but the most exceptional circumstances, be changed at least once every five years
- The Engagement Lead and senior members of the audit team are prevented from taking part in political activity on behalf of a political party, or special interest group, whose activities relate directly to the functions of local government or NHS bodies in general, or to a particular local government or NHS body.
- The Engagement Lead and members of the audit team must abide by the Commission's policy on gifts, hospitality and entertainment.



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