Grant Thornton

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Dear Neil

Planned audit fee for 2018-19

The Local Audit and Accountability Act 2014 (the Act) provides the framework for local public audit. Public Sector Audit Appointments Ltd (PSAA) has been specified as an appointing person under the Act and the Local Authority (Appointing Person) Regulations 2015 and has the power to make auditor appointments for audits of opted- in local government bodies from 2018-19.

For opted- in bodies 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.

From 2018-19 all grant work, including housing benefit certification, now falls outside the PSAA contract, as PSAA no longer has the power to make appointments for assurance on grant claims and returns. Any assurance engagements will therefore be subject to separate engagements agreed between the grant-paying body, the Council and ourselves and separate fees agreed with the Council.

Scale fee

PSAA published the 2018-19 scale fees for opted-in bodies in March 2018, following a consultation process. Individual scale fees have been reduced by 23 percent from the fees applicable for 2017-18. Further details are set out on the PSAA website. The Council's scale fee for 2018-19 has been set by PSAA at £104,718.

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 timeframes'.

The audit planning process for 2018-19, 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

There are no changes to the overall work programme for audits of local government audited bodies for 2018-19. 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 guidance for auditors. Audits of the accounts for 2018-19 will be undertaken under this Code. 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 (if applicable).

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 latest guidance for auditors on value for money work in November 2017. 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 had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people.

Billing schedule

Fees will be billed as follows:

Main Audit fee	£
September 2018	26,180
December 2018	26,180
March 2019	26,179
June 2019	26,179
Total	**104,718**

Outline audit timetable

We will undertake our audit planning and interim audit procedures from October 2018 to February 2019. 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 July 2019. Our work on the whole of government accounts return is driven by future NAO group audit instructions for 2018-19 and will be completed alongside the accounts audit subject to availability of NAO guidance.

Phase of work	Timing	Outputs	Comments
Audit planning and interim audit	October 2018 - February 2019	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 2019	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	June - July 2019	Audit Findings (Report to those charged with governance)	As above
Whole of Government Accounts	June - July 2019	Opinion on the WGA return	We anticipate this work will be completed alongside the accounts audit subject to availability of NAO guidance
Annual Audit Letter	September 2019	Annual Audit Letter to the Council	The letter will summarise the findings of all aspects of our work.

Our proposed team

The key members of the audit team for 2018-19 are:

Role	Name	Phone Number	E-mail
Engagement Lead	Gareth Mills	0113 200 2535	Gareth.Mills@uk.gt.com
Engagement Manager	Thilina De Zoysa	0113 200 1589	Thilina.De.Zoysa@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 Sarah Howard, our Head of Public Sector Assurance, via sarah.howard@uk.gt.com

Yours sincerely

Gareth Mills

Gareth Mills
Engagement Lead
For Grant Thornton UK LLP