

7 April 2011

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Chief Executive
Central Bedfordshire Council
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— Dear Richard

Annual audit fee 2011/12

I am writing to confirm the audit work that we propose to undertake for the 2011/12 financial year at Central Bedfordshire Council. The fee reflects the risk-based approach to audit planning set out in the Code of Audit Practice and work mandated by the Commission for 2011/12. The audit fee covers the:

- audit of financial statements
- Value for money conclusion
- Whole of Government accounts.

As I have not yet completed my audit for 2010/11 the audit planning process for 2011/12, including the risk assessment, will continue as the year progresses.

Audit fee

For 2011/12 the Audit Commission has set the scale fee for each audited body. This is a different approach to that in previous years where the scale fee has been made up of fixed and variable elements.

The 2011/12 scale fee is based on the planned 2010/11 fee, adjusted for the following proposed decreases in the total audit fee, as follows:

- no inflationary increase in 2011/12 for audit and inspection scales of fees and the hourly rates for certifying claims and returns;
- a cut in scale fees resulting from our new approach to local VFM audit work; and
- a cut in scale audit fees of 3 per cent for local authorities, police and fire and rescue authorities, reflecting lower continuing audit costs after implementing International Financial Reporting Standards (IFRS).

The scale fee for Central Bedfordshire Council is £308,142 as set out in the table below. Variations from the scale fee will only occur where my assessments of audit risk and complexity are significantly different from those identified and reflected in the 2010/11 fee. At present I have not identified any such differences, but I will keep this under review.

In its *Work programme and scales of fees 2011/12: Consultation response, Local Government, housing and community safety* published in February 2011 the Audit Commission indicated that, subject to affordability, it would make additional rebates of up to £7.2 million in total in 2011/12. The document also indicated that the Audit Commission will notify audited bodies of the amount due to them in the summer.

Audit area	Scale fee 2011/12	Planned fee 2010/11
Audit fee	£308,142	£342,380
Certification of claims and returns	£85,253	£100,562

The reduction in the estimate for certification of claims and returns reflects an assumption that we experience fewer issues with the Housing Benefit claim. We recognise that Improvement in Revenues and Benefits is a priority for the Council and part of the Recovery Plan for Customer and Shared Services. Therefore we would expect to see improvements in the accuracy of the claim in 2010/11 and 2011/ 12.

I will issue a separate audit plan in December 2011. This will detail the risks identified to both the financial statements audit and the vfm conclusion. The audit plan will set out the audit procedures I plan to undertake and any changes in fee. If I need to make any significant amendments to the audit fee, I will first discuss this with the Director of Customer and Shared Services. I will then prepare a report outlining the reasons the fee needs to change for discussion with the audit committee.

I will issue several reports over the course of the audit. I have listed these at Appendix 1.

The fee excludes work the Commission may agree to undertake using its advice and assistance powers. We will negotiate each piece of work separately and agree a detailed project specification.

Audit team

Your audit team must meet high specifications and must:

- understand you, your priorities and provide you with fresh, innovative and useful support;
- be readily accessible and responsive to your needs, but independent and challenging to deliver a rigorous audit;

- understand national developments and have a good knowledge of local circumstances; and
- communicate relevant information to you in a prompt, clear and concise manner.

The key members of the audit team for 2011/12 are:

Name	Contact details	Responsibilities
Paul King District Auditor	paul-king@audit-commission.gov.uk 0844 798 5811	Paul is responsible for the overall delivery of the audit including the quality of outputs, liaison with the Chief Executive and Chair of Audit Committee and issuing the auditor's report.
Cathy O'Carroll Audit Manager	c-ocarroll@audit-commission.gov.uk 07967 624334	Cathy manages and coordinates the different elements of the audit work. Key point of contact for the Director of Customer and Shared Services.
Heather Rothwell-Trickett Team Leader	h-rothwell-trickett@audit-commission.gov.uk 07884 114003	Heather will lead the on-site team in delivering the audit.

I am 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. Alternatively you may wish to contact Chris Westwood, Director of Professional Practice, Audit Practice, Audit Commission, 1st Floor, Millbank Tower, Millbank, London SW1P 4HQ (c-westwood@audit-commission.gov.uk)

Yours sincerely



Paul King
District Auditor

cc Richard Ellis, Director of Customer and Shared Services
David Bowater, Chair of the Audit Committee

Appendix 1- Planned outputs

We will discuss and agree our reports with officers before issuing them to the audit committee.

Table 1

Planned output	Indicative date
Audit plan	December 2011
Annual governance report	September 2012
Auditor's report giving the opinion on the financial statements and value for money conclusion	September 2012
Final accounts memorandum (to the Director of Customer and Shared Services)	October 2012
Annual audit letter	November 2012
Annual claims and returns report	February 2013