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Ref: 27504922 2014-15

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Dear Richard

Annual Audit and Certification Fees 2014-15

We are writing to confirm the audit and certification work that we propose to undertake for the 2014-15 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 the work mandated by the Audit Commission for 2014-15.

Indicative Audit Fee

The audit fee covers the:

- ▶ Audit of the financial statements
- ▶ Value for money conclusion
- ▶ Whole of Government accounts

For the 2014-15 financial year the Audit Commission has set the scale fee for each audited body as part of the recent 5 year procurement exercise and consequently it is not liable to increase in that period without a change in scope.

The 2014-15 scale fee is based on certain assumptions, including:

- ▶ The overall level of risk in relation to the audit of the financial statements and value for money conclusion is not significantly different from that of the prior year
- ▶ We are able to place reliance on the work of internal audit to the maximum extent possible under auditing standards
- ▶ The financial statements will be available to us in line with the agreed timetable
- ▶ Working papers and records provided to us in support of the financial statements are of a good quality and are provided in line with our agreed timetable
- ▶ Prompt responses are provided to our draft reports

Meeting these assumptions will help ensure the delivery of our audit at the indicative audit fee.

The indicative audit fee set out in the table below has initially been set at the scale fee level as the overall level of risk in relation to the audit of the financial statements and value for money conclusion is not significantly different from that of the prior year.

As we have not yet completed our audit for 2013-14, our audit planning process for 2014-15 will continue as the year progresses. Fees will be reviewed and updated as necessary, within the parameters of our contract with the Audit Commission.

Certification fee

The Audit Commission has set an indicative certification fee for each audited body. The indicative fee is based on the 2012-13 actual certification fees available adjusted to reflect any known schemes that no longer require auditor certification. The Audit Commission has revised the previously published 2013-14 indicative certification fee to reflect further schemes that no longer require auditor certification

The indicative fee is based on the expectation that an audited body is able to provide the auditor with complete and materially accurate claims and returns, with supporting working papers, within agreed timeframes.

The indicative fee for 2014-15 relates to work on the housing benefit subsidy claim for the year ended 31 March 2015. We have set the certification fee at the indicative fee level. We will update our risk assessment after we complete our 2013-14 benefit certification work, and to reflect further changes in the Audit Commission's certification arrangements.

Summary of fees

	Indicative fee 2014-15 £	Planned fee 2013-14 £	Actual fee 2012-13 £
Code audit fee	184,885	184,885	184,885
Certification of claims and returns	33,210	41,463	45,350

Any additional work that we may agree to undertake (outside of the Audit Code of Practice) will be separately negotiated and agreed with you in advance. No additional work has been planned at this stage.

The 2014-15 fee is based on the fee for the 2012-13 housing and council tax benefit subsidy claim less 12% to allow for the work on council tax benefit dropping out.

The Audit Commission has revised its published 2013-14 indicative certification fee to reflect further schemes that no longer require auditor certification:

- ▶ Council tax benefit subsidy – a reduction of 12% of housing and council tax benefit subsidy claim fee included in the overall published indicative fee
- ▶ A reduction for the Teachers' Pension return which the Audit Commission anticipates will not require auditor certification under Audit Commission arrangements

Billing

The 2014-15 indicative fees will be billed in 4 quarterly instalments of £54,524.

Audit Plan

Our plan for the audit of the financial statements will be issued in March 2015. This will detail the significant financial statement risks identified, planned audit procedures to respond to those risks, and any changes in fee. It will also set out the risks identified in relation to the value for money conclusion. Should we need to make any significant amendments to the audit fee during the course of the audit, we will discuss this in the first instance with the Chief Finance Officer and, if necessary, prepare a report outlining the reasons for the fee change for discussion with the Audit Committee.

Audit team

The key members of the audit team for the 2014-15 financial year are:

Mick West
Director

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We are committed to providing you with a high quality service. If at any time you would like to discuss with us how our service to you could be improved, or if you are dissatisfied with the service you are receiving, please contact me. If you prefer an alternative route, please contact Steve Varley, our Managing Partner, 1 More London Place, London, SE1 2AF. We undertake to look into any complaint carefully and promptly and to do all we can to explain the position to you. Should you remain dissatisfied with any aspect of our service, you may of course take matters up with our professional institute.

Yours sincerely

Mick West
Director

For and on behalf of Ernst & Young LLP

cc. Charles Warboys, Chief Finance Officer
Councillor Mike Blair, Chairman of the Audit Committee