

April 2009

Mr John Mitchell  
 Chief Executive  
 Uttlesford District Council  
 Council Offices  
 London Road  
 Saffron Walden  
 Essex  
 CB11 4ER  
 Dear John

**Direct line** 0844 798 5781  
**e-mail** paul-king@audit-commission.gov.uk

**Annual audit fee 2009/10**

I am writing to set out the audit work that we propose to undertake for the 2009/10 financial year at Uttlesford District Council. The fee:

- is based on the risk-based approach to audit planning as set out in the Code of Audit Practice and work mandated by the Audit Commission for 2009/10; and
- reflects only the audit element of our work, excluding any inspection and assessment fees. Ian Davidson, Comprehensive Area Assessment Lead for Essex has written to you separately on inspection fees.

As I have not yet completed my audit for 2008/09 the audit planning process for 2009/10, including the risk assessment will continue as the year progresses and fees will be reviewed and updated as necessary.

The total indicative fee for the audit for 2009/10 is for £129,860 (exclusive of VAT) which compares to the planned fee of £128,253 for 2008/09. A summary of this is shown in the table below:

**Audit fee**

<b>Audit area</b>	<b>Planned fee 2009/10</b>	<b>Planned fee 2008/09</b>
Financial statements	71,645	73,000
Use of Resources/VFM Conclusion, including risk based work	55,955	52,530
WGA	2,260	2,815
<b>Total audit fee</b>	<b>129,860</b>	<b>128,345</b>
Certification of claims and returns	64,365	50,415 (original estimate) 65,000 (revised estimate)

The Audit Commission has published its work programme and scales of fees 2009/10. The scale fee for Uttlesford District Council is £99,919. The fee proposed for 2009/10 is 30 per cent above the scale fee. This is owing to the risk profile of the audit at Uttlesford and the way that the Commission's scale fee is calculated for district councils whose expenditure is less compared to others. I would also point out that the 2009/10 fee is an increase of 1.18 per cent, which is within the range indicated by the Audit Commission in its published work programme and scale of fees for 2009/10. The financial statements element of the fee also reflects an assumption on our part that the Council will improve its accounts preparation processes in particular.

In setting the fee at this level, I have assumed that the general level of risk in relation to the audit of the financial statements is not significantly different from that identified to 2008/09. A separate plan for the audit of the financial statements will be issued in December 2009. This will detail the risks identified, planned audit procedures and any changes in fee. This plan would also reflect our experience in carrying out and completing the audit of the 2008/09 financial statements, including the benefits of any improvements. We are aware that the Council is working hard to plan for the 2008/09 accounts and audit process to ensure this runs more smoothly. If I need to make any significant amendments to the audit fee during the course of the audit, I will first discuss this with the Director of Finance and then prepare a report outlining the reasons why the fee needs to change for discussion with the Performance Select Committee.

The quoted fee for grant certification work is an estimate only and will be charged at published daily rates. This higher revised estimate reflects the increased time taken for the 2007/08 grant certification work. This was due to a revised methodology for sampling housing benefit claims, plus errors identified in other grant areas. We continue to work with officers to ensure improvements are made. As with the audit of the 2008/09 financial statements, we will review our estimate of the 2009/10 grant certification work later in the year to reflect our experience in certifying the 2008/09 claims.

My use of resources assessments will be based upon the evidence from three themes:

- Managing finances;
- Governing the business; and
- Managing resources.

The key lines of enquiry specified for the assessment are set out in the Audit Commission's work programme and scales of fees 2009/10. My work on use of resources informs my 2009/10 value for money conclusion. However, I have identified a number of significant risks in relation to my value for money conclusion. For each risk, I consider the arrangements put in place by the Council to mitigate the risk, and plan my work accordingly. My initial risk assessment for value for money audit work is shown in the table below:

Risk	Planned work	Timing of work
Asset management KLOE 2.3 was scored as a "1" in the 2008 UoR assessment.	The Council recognises that this position has not significantly changed for 2008/09 from that in 2007/08. Therefore, we will undertake the minimum review necessary of the asset management KLoE in the 2009 UoR assessment to enable us to support the VFM conclusion.	April 2009 – September 2009
Significant budget pressures identified in the 2007/08 and 2008/09 budgets and also predicted for 2009/10.	We will conduct ongoing reviews of the Council's financial management arrangements and follow up our assessment of the Council's budget preparation process.	April 2009 – September 2009
Risk management arrangements are still to be fully embedded.	Developing area which would benefit from early review and identification of good practice.	April 2009 – September 2009
Health inequalities	We will follow up the actions taken and progress made on the health inequalities work carried out previously across Essex.	January 2010 – April 2010
Procurement also identified through UoR as an area for improvement.	We will monitor the work being undertaken through the Voluntary improvement group.	April 2009 – September 2009

I will issue a number of reports relating to my work over the course of the audit. These are listed at Appendix 1.

The above fee excludes any work requested by you that the Commission may agree to undertake using its advice and assistance powers. Each piece of work will be separately negotiated and a detailed project specification agreed with you.

I would be grateful if you could confirm that those charged with governance have had sight of the 'Code of Audit Practice' and 'Statement of Responsibilities of Auditors and Audited bodies' to ensure their ongoing understanding of the terms of the audit engagement. These can be found at <http://www.audit-commission.gov.uk/aboutus/whatwedo/audit.asp>

The key members of the audit team for the 2009/10 are:

Audit Manager – Christine Connolly      0844 798 5781

Support Manager – Gary Belcher      0844 798 2606

Team Leader – Francesca Palmer      0844 798 5552

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 in the first instance. Alternatively you may wish to contact the Eastern Head of Operations, Andy Perrin ([a-perrin@audit-commission.gov.uk](mailto:a-perrin@audit-commission.gov.uk)).

Yours sincerely

**Paul King**  
District Auditor

cc Stephen Joyce, Director of Finance

Cllr Rolfe, Chair of the Performance Select Committee

Ian Davidson, Comprehensive Area Assessment Lead, Essex

Christine Connolly, Senior Audit Manager

## Appendix 1: Planned outputs

Our reports will be discussed and agreed with the appropriate officers before being issued to the Performance Select Committee.

---

**Table 1**

<b>Planned output</b>	<b>Indicative date</b>
Fee Letters	April 2009
Opinion audit plan	December 2009
Use of resources report	November 2009
Annual governance report	September 2010
Auditor's report giving the opinion on the financial statements and value for money conclusion	September 2010
Final accounts memorandum (to the Director of Finance)	October 2010
Annual audit letter	November 2010
Health Inequalities	April 2010