



LEWES DISTRICT COUNCIL

FEE LETTER 2017/18

21 April 2017



PROPOSED FEES

Scope of the audit

We are required to report to you our proposed fees and programme of work for the 2017/18 financial year.

Code audit fee

The Code audit fee is based on the work required under the Code of Audit Practice issued by the National Audit Office (NAO) and covers the audit of the financial statements and value for money conclusion.

Public Sector Audit Appointments Limited (PSAA) is responsible for setting the scale fees for local authorities and consulted on the proposed work programme and scale of fees in October 2016. The consultation closed in January 2017 and no changes have been made to the overall work programme or scale fees for 2017/18 compared to 2016/17. PSAA has the power to determine the fee above or below the scale fee where there has been a change that requires substantially more or less work than envisaged by the scale fee.

Certification of housing benefits subsidy claim

PSAA makes arrangements for certification of housing benefit subsidy claims. An indicative fee is set based on the latest actual certification fees available.

Audit related services

Audit related services are those non-audit services that are largely carried out by members of the engagement team where the work involved is closely related to the work performed in the audit and the threats to auditor independence are clearly insignificant and, as a consequence, safeguards need not be applied. In recent years, a number of grants and returns were included in the certification scale fee that are no longer mandated for review by PSAA, but still require certification by the auditor. These are covered by separate engagement letters with the Council.

Other non-audit services

Other non-audit services are those services not closely related to the work performed in the audit that could be provided by a number of firms. Auditors are prevented from undertaking such work if it would present a threat to independence for which no adequate safeguards are available. Independence concerns may arise due to the nature of the work or from the value of fees derived.

Fees

AUDIT AREA	PROPOSED 2017/18 (£)	SCALE 2017/18 (£)	PROPOSED 2016/17 (£)
Code audit fee	46,418	46,418	46,418
Additional Code audit fee for our use of resources work - capital projects review	-	-	1,000
Housing benefits subsidy claim ⁽¹⁾	15,598	TBC	15,598
Total PSAA regime fees	76,078		76,078
Audit related services			
Pooling of housing capital receipts return	1,500	N/A	1,500
Other non-audit services - None	-	N/A	-
Total fees	63,516	N/A	64,516

(1) The indicative scale fee for certification of the housing benefit subsidy claim is £11,699 in 2016/17 and £14,960 in 2015/16. However, the audit of the 2015/16 housing benefit subsidy claim is still ongoing and we will agree our fees on completion of this work. We have therefore, at this stage, based our proposed fees for 2017/18 and 2016/17 on the 2014/15 outturn fee of £15,598. We will keep the level of certification fees under review if additional work is required.

Amendments to the proposed fees

If we need to propose any amendments to the fees during the course of the audit, where our assessment of risk and complexity are significantly different from those reflected in the proposed fee or where we are required to carry out work in exercising our additional powers and duties, we will first discuss this with the Chief Finance Officer. Where this requires a variation to the scale fee we will seek approval from PSAA. If necessary, we will also prepare a report outlining the reasons why the fee needs to change for discussion with the Audit and Standards Committee. At this stage, nothing has come to our attention that would require us to seek approval to amend the scale fee.

Billing arrangements

We will raise invoices for the Code audit fee on a quarterly basis, at £11,604.50 per quarter, from June 2017. Other fee invoices will be raised as the work is completed.

AUDIT ARRANGEMENTS

Planned outputs

We plan to issue the following reports and opinions over the course of the 2017/18 audit:

REPORT	DATE
Audit plan	March 2018
Report on any significant deficiencies in internal controls	July 2018
Audit completion report	July 2018
Independent auditor's report including: <ul style="list-style-type: none"> • Opinion on the financial statements • Use of resources conclusion • Certificate of audit closure 	July 2018
Annual audit letter	October 2018
Grant claims and returns certification report	January 2019

Client satisfaction

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 Janine in the first instance. Alternatively, you may wish to contact our Managing Partner, Paul Eagland. Any complaint will be investigated carefully and promptly. If you are not satisfied you may take up the matter with the Institute of Chartered Accountants in England and Wales ("ICAEW"). In addition, the PSAA complaints handling procedure is detailed on their website <http://www.psaa.co.uk/about-us/contact-us/complaints/>.

Audit team

The key members of the audit team will be:

Engagement Lead - Janine Combrinck

Email: janine.combrinck@bdo.co.uk

Tel: 020 7893 2631

Janine will be responsible for the overall delivery of the audit including the quality of outputs and liaison with senior management.

Project Manager - Lucy Trevett

Email: lucy.trevett@bdo.co.uk

Tel: 020 7034 5878

Lucy will manage and co-ordinate each aspect of the audit and will be the key contact with the finance team.

Senior - Tawanda Mutenga

Email: tawanda.mutenga@bdo.co.uk

Tel: 01473 320711

Tawanda will lead the delivery of the financial statements audit.

Audit appointments for 2018/19 and beyond

Our current contract negotiated by the Audit Commission in April 2014 will end after the 2017/18 audit.

PSAA has been specified as an appointing person under the provisions of the Local Audit and Accountability Act 2014 and regulation 3 of the Local Audit (Appointing Person) Regulations 2015. For external audits from 2018/19, PSAA will appoint an auditor to relevant principal local government authorities that have opted into its national scheme.

Those authorities that have not opted into this national scheme are required to make local appointments for external audit services for 2018/19 and beyond, in accordance with the Local Audit and Accountability Act 2014.

Audit appointments for 2018/19 must be made by 31 December 2017.

The matters raised in our report prepared in connection with the audit are those we believe should be brought to the attention of the organisation. They do not purport to be a complete record of all matters arising. No responsibility to any third party is accepted.

BDO LLP is a corporate establishment under the Limited Liability Partnership Act 2000 and a UK Member Firm of BDO International. BDO Northern Ireland, a separate partnership, operates under a licence agreement. BDO LLP and BDO Northern Ireland are both separately authorised and regulated by the Financial Conduct Authority to conduct investment business.

Copyright ©2017 BDO LLP. All rights reserved.

www.bdo.co.uk