

LEWES DISTRICT COUNCIL

PLANNING LETTER AND PROPOSED FEE

Year ending 31 March 2016

March 2015

PROPOSED FEES

Scope of the audit

We are required to report to you our proposed fees and programme of work for the 2015/16 financial year. The proposed fee is based on the consultation undertaken by the Audit Commission in October 2014. Although the Commission will close on 31 March 2015, the Department for Communities and Local Government (CLG) has asked the Commission to set fees for principal bodies before it closes. The existing Code of Audit Practice will be replaced by a new Code of Audit Practice to be issued by the National Audit Office, currently being consulted on. In setting fees, the Commission has assumed that there is little change to the scope of the work required to be undertaken by auditors. The new Code audit fee is expected to cover:

- Audit of the financial statements
- Value for money conclusion
- Whole of Government Accounts return.

There is a separate proposed fee for the certification of returns on behalf of Government departments.

Indicative fees

The proposed fee is based on the consultation undertaken by the Audit Commission in October 2014. Although the Commission will close on 31 March 2015, the Department for Communities and Local Government (CLG) has asked the Commission to set fees for principal bodies before it closes. The Audit Commission will confirm the final 2015/16 work programme and scale fees in late March. The indicative fee does not include any time required to investigate questions or objections from members of the public. Should any arise, time spent dealing with questions and objections will be billed separately. Where possible we will provide an estimate of the likely time required to respond to the matters before starting the work.

From 1 April 2015, Public Sector Audit Appointments Limited (PSAA) will oversee the Commission's contracts through to the end of 2017. It will also be responsible for setting

fees in the future. If we need to propose any amendments to the audit fee during the course of the audit or where our assessment of risk and complexity are significantly different from those reflected in the proposed fee, we will first discuss this with the Head of Finance and seek approval from the PSAA for a proposed variation of fee. 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.

Fees

AUDIT AREA	PROPOSED FEE 2015/16 (£)	PROPOSED FEE 2014/15 (£)	ACTUAL AUDIT FEE 2013/14
Code audit fee	46,418	61,890	60,990
Certification fee	⁽²⁾ 7,148	⁽²⁾ 9,530	⁽¹⁾ TBC
Total audit fees	53,566	71,420	TBC

- (1) The audit of the housing benefit subsidy claim was completed in February 2015. An additional fee is being discussed with officers. We will write to the Chairman of the Audit and Standards Committee with the outcome.
- (2) The 2013/14 certification fee has not yet been finalised, we will discuss with officers whether the scale fee for future years should be adjusted.

The Commission has consulted on rebasing the Code audit fee from 2014/15 and reviewed the additional work that we are required to undertake following the withdrawal of the audit requirement to certify Non Domestic Rate income. From 2014/15, we have therefore increased the Code audit fee by £900 which is now included in the current published indicative scale fees.

The Commission completed a further audit procurement exercise in April 2014 which has enabled it to further reduce fees for the two years 2015/16 and 2016/17. The Government may wish to extend these contracts to lock in the reduced fees for a further three years. This has allowed the Commission to reduce fees by 25%, resulting in combined Code and certification fee savings of £17,854 for the Council.

AUDIT ARRANGEMENTS

Planned outputs

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

REPORT	DATE
Detailed audit plan	January 2016
Report on any significant deficiencies in internal controls, if required, based on the results of our interim audit visit	May 2016
Final report to those charged with governance	September 2016
Independent auditor's report including: <ul style="list-style-type: none"> Opinion on the financial statements Value for money conclusion 	September 2016
Whole of Government Accounts assurance statement and report to the NAO	October 2016
Summary of findings from the audit in the annual audit letter	October 2016
Grant claims and returns certification report	December 2016

Audit team

The key members of the audit team will be:

Engagement Lead - Robert Grant

email: robert.grant@bdo.co.uk

Tel: 0207 893 2895

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

Engagement Manager - Jody Etherington

email: jody.etherington@bdo.co.uk

Tel: 0207 893 2767

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

Audit Senior - Lucy Ballard

email: lucy.ballard@bdo.co.uk

Tel: 0207 893 2767

Sam will lead the on-site work for the interim and final accounts audits.

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 Robert Grant in the first instance. Alternatively, you may wish to contact our Managing Partner, Simon Michaels. 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 Audit Commission's complaints handling procedure is detailed in their leaflet "How to complain: What to do if you want to complain about the Audit Commission or its appointed auditors", which is available on their website <http://www.audit-commission.gov.uk/about-us/contact-us/complaints>

The matters raised in our report prepared in connection with the audit are those we believe should be brought to your attention. They do not purport to be a complete record of all matters arising. This report is prepared solely for the use of the council and may not be quoted nor copied without our prior written consent. No responsibility to any third party is accepted.

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