

Our ref LC/jh/dmg/fee0910BDC

6 March 2009

Mr K Dicks  
Chief Executive  
Bromsgrove District Council  
The Council House  
Burcot Lane  
Bromsgrove  
Worcestershire  
B60 1AA

**Direct line** 0844 798 7552

Dear Kevin

### Annual audit fee 2009/10

Further to our discussions, I am writing to confirm the audit work that we propose to undertake for the 2009/10 financial year at Bromsgrove 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. Your Comprehensive Area Assessment Lead will be writing 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 £99,930 (exclusive of VAT) which compares to the planned fee of £112,840 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>
	<b>£</b>	<b>£</b>
Financial statements (inclusive of Whole of Government Accounts)	65,590	67,040
Use of Resources/VFM Conclusion (including risk based work)	34,340	45,800
<b>Total audit fee</b>	<b>£99,930</b>	<b>£112,840</b>

Audit Commission, Rooms 13-18 and 24, The Business Centre, Blackpole Road,  
Worcester WR3 8SQ

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The Audit Commission has published its work programme and scales of fees 2009/10. The scale fee for Bromsgrove District Council is £93,296. The fee proposed for 2009/10 is 7.1 per cent above the scale fee.

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. 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 Chief Executive and then prepare a report outlining the reasons why the fee needs to change for discussion with the Audit Board.

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.

There are three significant risks which I have identified which has been reflected in the above fee and these are:

- The introduction of IFRS accounting for 2009/10 with the transition date of 1<sup>st</sup> April 2009;
- The proposal for shared services including a Joint Chief Executive with Redditch Borough Council; and
- Management of waste at both district and county level.

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

We plan to undertake a cross cutting review of Waste Management arrangements across Herefordshire and Worcestershire and the above fee includes a contribution of a couple of days to this review.

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.

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

Audit Manager	– Joan Hill	0844 798 7568
Team Leader	– Christine Colls	0844 798 7558
Performance Specialist	– Jane Matheson	0844 798 7570

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 West Midlands sub Region Head of Operations, Phil Jones.

Yours sincerely



Elizabeth Cave  
District Auditor

cc Jayne Pickering – Head of Financial Services

cc Chair of the Audit Committee

The Business Centre  
Blackpole Road  
Worcester  
WR3 8SQ

## Appendix 1: Planned outputs

Our reports will be discussed and agreed with the appropriate officers before being issued to the Audit committee.

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**Table 1**

<b>Planned output</b>	<b>Indicative date</b>
Audit plan	December 2009
Annual governance report	September 2010
Auditor's report giving the opinion on the financial statements and value for money conclusion	September 2010
Use of resources report	October 2010
Whole of Government Accounts	October 2010
Annual audit letter	November 2010