

**Our reference** Central/SU083/0910plan/apr09

24 April 2009

Ms A Hill  
 Chief Executive  
 Suffolk County Council  
 Endeavour House  
 8 Russell Road  
 Ipswich  
 IP1 2BX

Dear Andrea

### Annual audit fee 2009/10

I am writing to confirm the audit work that we propose to undertake for the 2009/10 financial year at Suffolk County 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 these fees on behalf of the other inspectorates.

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 £223,500 which compares to the planned fee of £227,800 for 2008/09 (a decrease of 1.9%). A summary of this is shown in the table below.

#### Audit fee

Audit area	Planned fee 2009/10	Planned fee 2008/09
Financial statements	138,200	144,100
Use of Resources/VFM Conclusion	78,250	76,800
WGA	7,050	6,900
<b>Total audit fee</b>	<b>223,500</b>	<b>227,800</b>
Certification of claims and returns	45,000	48,000

The Audit Commission has published its work programme and scales of fees 2009/10. The scale fee for Suffolk County Council is £245,730. The fee proposed for 2009/10 is 9 per cent below 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 consistent with that identified for 2008/09 and that the Council continues to resolve those issues that were identified during our audit in 2007/08. At this stage it does not reflect some substantial changes presently being proposed to the 2009 Statement of Recommended Practice (SORP) or that the Council will be in the transition period for moving towards International Financial Reporting Standards (IFRS) more on which is detailed below. 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.

The quoted fee for grant certification work is an estimate only and will be charged at published daily rates. 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 Head of Strategic Finance and then prepare a report outlining the reasons why the fee needs to change for discussion with the Audit Committee.

In the medium term there are significant changes to financial reporting requirements for the Council with the introduction of IFRS in 2010/11. The impact of this on audit fees will be reflected in the 2010/11 audit plan, in the meantime the Council will need to produce 2009/10 comparators for IFRS compliant accounts and therefore the transition period effectively commenced on 1 April 2009. It is important that the Council is actively planning for this change and ensuring that systems are in place to capture all the necessary information to produce these comparators.

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.

I will shortly be undertaking a review of the Council's use of resources for 2008/09. The results of the audit will inform my planning for 2009/10. At this stage, I have not identified any significant risks in relation to the value for money conclusion, but will update my audit plan if necessary in December 2009. However, I draw to your attention two risks, which I will monitor as the year progresses, in the table below:

Risk	Planned work	Timing of work
Dependent upon the final outcome of Local Government Re-organisation in Suffolk, there is a risk in respect of the capacity of the Council to maintain its governance arrangements and maintain services in a period of significant change	I will maintain a watching brief in respect of the impact of local government re-organisation throughout the year, as part of our work on Use of Resources.	April 2009 – September 2010
There is a risk that the economic downturn may impact on the Council's revenues and create significant demands on service provision	I will maintain a watching brief in respect of the impact of the economic downturn throughout the year, as part of our work on Use of Resources.	April 2009 – September 2010

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 work 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 – Philip King 0844 798 5556

Team Leader – Kevin Roychowdhury 0844 798 3026

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

Robert Davies  
*District Auditor*

cc Philip King, Audit Manager  
Geoff Dobson, Head of Strategic Finance – Suffolk County Council

## 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	September 2010
Final accounts memorandum	October 2010
Annual audit letter	November 2010