

16 April 2010

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

Direct line 0844 798 3002

— Dear Andrea

Suffolk County Council: Annual audit fee 2010/11

I am writing to confirm the audit work I propose to undertake for the 2010/11 financial year at Suffolk County Council. My fee reflects:

- for audit, the risk-based approach to audit planning as set out in the Code of Audit Practice and work mandated by the Audit Commission for 2010/11; and
- for inspection, the Comprehensive Area Assessment (CAA) and associated guidance.

As I have not yet completed my audit for 2009/10 the audit planning for 2010/11, including the risk assessment will continue as the year progresses. I will review and update my audit fees as necessary. Edwina Child, your Audit Commission CAA Lead will review and update your inspection fees as necessary.

The table below shows a total 2010/11 indicative fee for the audit of £223,500, unchanged from the fee planned for 2009/10.

Fee

Audit area	Planned fee 2010/11	Planned fee 2009/10
Financial statements	143,650	138,200
Use of Resources and VFM Conclusion	70,450	78,250
WGA	9,400	7,050
Total audit fee	223,500	223,500

Inspection work		
Managing Performance assessment	16,630	16,630
Total fee	240,130	240,130
Certification of claims and returns	45,000	45,000

The Audit Commission has published its work programme and scales of fees 2010/11. My planned fee for Suffolk County Council is 13.7 per cent below the scale fee of £259,082.

The published fee scale for 2010/11 included a 6% increase to cover the costs of extra audit work arising from International Reporting Standards (IFRS). We recognise the financial pressures that public bodies are facing in the current economic climate. The Commission confirmed in July 2009 that for 2010/11 it would subsidise the 'one-off' cost of transition to IFRS for local authorities. You will therefore receive a refund from the Audit Commission of £15,610 in April 2010.

Your fee assumes the risks to our audit of the Council's financial statements are not significantly different compared to 2009/10. In April 2011, I will issue a separate plan for the audit of the financial statements. This will detail the risks identified, planned audit procedures and any changes in fee.

CAA includes organisational assessments for councils which combine themes for use of resources themes and managing performance. The 2010/11 indicative inspection fee is £16,630, comprising our work on managing performance theme.

For grant certification work, our fee is an estimate only. We will charge our work on completion at published daily rates.

If I need to make any significant amendments to my planned fee, I will first discuss the reasons with the Head of Strategic Finance before reporting to the Audit Committee.

My use of resources assessments draws on three themes of:

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

The Audit Commission's work programme and scales of fees for 2010/11 specifies the key lines of enquiry for my use of resources assessment. My work on use of resources informs my 2010/11 value for money conclusion. I will shortly be undertaking a review of the Council's use of resources for 2009/10. The results of this audit will inform my planning for 2010/11.

At this stage, I have identified one significant risk to my value for money conclusion. For this risk, I consider the arrangements put in place by the Council to manage the risk before I plan my work.

The table below shows the results of my early risk assessment:

Risk	Planned work	Timing of work
The Council is leading in developing arrangements with other Councils across Suffolk to create shared statutory, financial and other services. This can offer significant economies of scale but service performance, business continuity and contractual risks will need managing.	We will review how the Council are managing the risks that arise from joint working arrangements.	Continuing from April 2010-March 2011

I will issue several reports about my work over the course of the audit, shown at Appendix 1.

My fee excludes any work the Commission agrees with you it will undertake using its advice and assistance powers. If this is the case, I will agree a separate fee and detailed project specification with you in advance of the work.

The key members of the audit team for the 2010/11 are:

Audit Manager - Philip King 0844 798 5556

Team Leader - Vicky Chong 0844 798 3014

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 firstly. Alternatively you may wish to contact the Eastern Head of Operations, Andy Perrin (a-perrin@audit-commission.gov.uk).

Yours sincerely

Neil A Harris
District Auditor

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

Appendix 1: Planned outputs

We will discuss and agree reports with officers before issuing to the Audit Committee.

Table 1

Reports	Indicative date
Audit plan	April 2011
Annual governance report	September 2011
Auditor's report giving the opinion on the financial statements and value for money conclusion	September 2011
Final accounts memorandum (to the Head of Strategic Finance)	November 2011
Annual audit letter	November 2011
Organisational assessment (incorporating the managing performance assessment and the use of resources assessment)	TBC