



SLOUGH BOROUGH COUNCIL

PLANNING LETTER AND PROPOSED FEE
Year ending 31 March 2016

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. A separate fee will be agreed for the audit of the Teacher's Pensions Return.

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 Assistant Director of Finance and Audit 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 Risk Committee.

Fees

AUDIT AREA	PROPOSED FEE 2015/16 (£)	PROPOSED FEE 2014/15 (£)	ACTUAL AUDIT FEE 2013/14
Code audit fee	127,598	170,030	195,586
Certification fee ⁽¹⁾	20,625	27,500	31,124
Total audit fees	148,223	197,530	226,710

⁽¹⁾ A separate fee will need to be agreed for the audit of the Council's Teacher's Pension Return. In 2013/14 this amounted to £3,500. This is not included in the table above.

Our fees for 2013/14 included a variation of £26,626 for the additional work required to complete the audit of the financial statements.

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 £1,070 which is now included in the current published indicative scale fees. No increase in the scale fee has been made for the additional work now required following the introduction of the local council tax reduction scheme. In 2013/14, we agreed an additional fee of £404 for this work. We will discuss any additional fee required in 2014/15 with the Assistant Director of Finance and Audit.

Looking ahead, new valuation requirements for transport infrastructure non-current assets will need to be met from 2016/17. There will be additional work needed to audit the initial adoptions disclosures required in 2015/16, and we may seek a fee variation increase in 2015/16 (the proposed fees for 2015/16 remain at the scale rate published by the Commission).

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 £49,307 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 statementsValue 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 - Janine Combrinck

email: janine.combrinck@bdo.co.uk

Tel: 0207 893 2631

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

Audit Senior - Samantha Ingamells

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Tel: 0207 893 3031

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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