

## ITEM AU9

7 May 2009

Joanna Simons  
Chief Executive  
Oxfordshire County Council  
County Hall  
New Road  
Oxford  
OX1 1ND

**Direct line** 0844 798 8952

— Dear Joanna

### Annual Audit Fee 2009/10

Further to our initial discussions and my fee discussion with Sue Scane, I am writing to confirm the audit work that we propose to undertake for the 2009/10 financial year at Oxfordshire 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. Robert Hathaway, your Comprehensive Area Assessment Lead has written to you separately on inspection fees.

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 £298,500 (exclusive of VAT) which compares to the planned fee of £309,350 for 2008/09. A summary of this is shown in the table below. The reduction in the fee from the previous year reflects overview discussions to date regarding the continued improvement.

## Audit fee

Audit area	Planned fee 2009/10	Planned fee 2008/09
Financial statements	142,600	147,500
Whole of government accounts	2,600	3,050
Council Use of Resources/VFM Conclusion [including risk based work and data quality]	134,550	140,800
Fire Use of resources	18,750	17,000
Other - NFI	separate fee	1,000
<b>Total audit fee</b>	<b>298,500</b>	<b>309,350</b>
Certification of claims and returns	10,000	25,000
Audit (Pension Fund)	To be agreed later in the year. This is treated as a separate audit in its own right.	Agreed separately in 2008/09.

The Audit Commission has published its work programme and scales of fees 2009/10. The scale fee for Oxfordshire County Council is £234,510. The fee proposed for 2009/10 is 27 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 by KPMG for 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. 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 Chief Financial Officer and Assistant Chief Executive and then prepare a report outlining the reasons why the fee needs to change for discussion with the Audit Committee.

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.

We are currently in the process of hand over of the audit from KPMG. At this stage, I have not specified the detailed risks that will need to be addressed within my work on Use of Resources. We will complete more detailed planning as the audit develops in close consultation with key officers. I will issue specifications for proposed risk based work as risks are clarified.

I will issue a separate project specifications for the shared services review before beginning the work.

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 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:

District Auditor – Maria Grindley 0844 798 8952

Audit Manager – Mary Fetigan 0844 798 8978

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 Neil Childs, the Southern Head of Operations (n-childs@audit-commission.gov.uk ).

Yours sincerely

Maria Grindley  
District Auditor

cc Sue Scane, Chief Financial Officer and Assistant Chief Executive

cc Councillor David Wilmshurst, Chair of the Audit Committee

cc Mary Fetigan, Audit Manager

## 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 (to the Chief Financial Officer and Assistant Chief Executive)	October 2010
Annual audit letter	November 2010
Local risk work	to be agreed