

6 April 2011

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

Direct line 0844 798 8952
Mobile 07769932604
Email m-grindley@audit-
commission.gov.uk

— Dear Joanna

Annual Audit Fee 2011/12

I am writing to confirm the audit work that we propose to undertake for the 2011/12 financial year at Oxfordshire County Council. The fee reflects the risk-based approach to audit planning set out in the Code of Audit Practice and work mandated by the Commission for 2011/12. The audit fee covers the:

- audit of financial statements
- value for money conclusion
- Whole of Government Accounts.

As I have not yet completed my audit for 2010/11 the audit planning process for 2011/12, including the risk assessment, will continue as the year progresses.

Audit fee

The Audit Commission proposes to set the scale fee for each audited body for 2011/12, rather than providing a scale fee with fixed and variable elements. The scale fee reflects proposed decreases in the total audit fee, as follows:

- no inflationary increase in 2011/12 for audit and inspection scales of fees and the hourly rates for certifying claims and returns;
- a cut in scale fees resulting from our new approach to local VFM audit work; and
- a cut in scale audit fees of 3 per cent for local authorities, police and fire and rescue authorities, reflecting lower continuing audit costs after implementing IFRS.

The scale fee for Oxfordshire County Council is £244,350. The scale fee is based on the planned 2010/11 fee, adjusted for the proposals summarised above, shown in the table below. Variations from the scale fee will only occur where my assessments of audit risk and complexity are significantly different from those identified and reflected in the 2010/11 fee.

Audit area	Scale fee 2011/12	Planned fee 2010/11
Audit fee	244,350	271,500
Certification of claims and returns	11,000	13,000 (latest estimate)

I will issue a separate audit plan in December 2011. This will detail the risks identified to both the financial statements audit and the vfm conclusion. The audit plan will set out the audit procedures I plan to undertake and any changes in fee. If I need to make any significant amendments to the audit fee, I will first discuss this with the Assistant Chief Executive and Chief Financial Officer. I will then prepare a report outlining the reasons the fee needs to change for discussion with the audit committee.

I propose to review arrangements to secure delivery of savings plans to support the vfm conclusion.

I will issue several reports over the course of the audit. I have listed these at Appendix 1.

The fee excludes work the Commission may agree to undertake using its advice and assistance powers. We will negotiate each piece of work separately and agree a detailed project specification.

Audit team

Your audit team must meet high specifications and must:

- understand you, your priorities and provide you with fresh, innovative and useful support;
- be readily accessible and responsive to your needs, but independent and challenging to deliver a rigorous audit;
- understand national developments and have a good knowledge of local circumstances; and
- communicate relevant information to you in a prompt, clear and concise manner.

The key members of the audit team for 2011/12 are:

Name	Contact details	Responsibilities
Maria Grindley Engagement Lead	m-grindley@audit-commission.gov.uk 0844 798 8952	Maria is responsible for the overall delivery of the audit including the quality of outputs, liaison with the Chief Executive and Chair of Audit Committee and issuing the auditor's report. Key point of contact for the Assistant Chief Executive and Chief Financial Officer.
Mary Fetigan Engagement Manager	m-fetigan@audit-commission.gov.uk 0844 798 2861	Mary manages and coordinates the different elements of the audit work. Key point of contact for the Head of Finance.
Chris Baston Team Leader	c-baston@audit-commission.gov.uk 0844 798 2632	Chris has experience of auditing the financial statements of large local authorities. He will lead the on-site team in delivering the audit.

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. Alternatively you may wish to contact Chris Westwood, Director of Professional Practice, Audit Practice, Audit Commission, 1st Floor, Millbank Tower, Millbank, London SW1P 4HQ (c-westwood@audit-commission.gov.uk)

Yours sincerely

Maria Grindley
District Auditor

cc Cllr David Wilmshurst, Chair of Audit Committee
Sue Scane, Assistant Chief Executive and Chief Financial Officer
Mary Fetigan, Audit Manager, Audit Practice, Audit Commission

Appendix 1- Planned outputs

We will discuss and agree our reports with officers before issuing them to the [audit] committee.

Table 1

Planned output	Indicative date
Audit plan	December 2011
Annual governance report	September 2012
Auditor's report giving the opinion on the financial statements and value for money conclusion	September 2012
Final accounts memorandum (if required)	October 2012
Annual audit letter	November 2012
Annual claims and returns report	February 2013