

6 April 2010

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 more detailed planning meetings with your officers 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 and managing performance work for 2009/10 remains at £298,500 (exclusive of VAT) which compares to the planned audit 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]	112,750	140,800
Fire Use of resources	22,250	17,000
Other - NFI	separate fee	1,000
Total audit fee	280,200	309,350
Managing performance	18,300	0
Total fee	298,500	309,350
Certification of claims and returns	10,000	25,000

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 19.5 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 May 2010. 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.

I have set the fee for work on the Use of Resources based on the same approach as 2008/09.

I have identified a number of risks in relation to my accounts opinion and value for money conclusion. For each risk, I consider the arrangements put in place by Oxfordshire County Council to mitigate the risk, and plan my work accordingly. My initial risk assessment is shown in the table below:

Risk	Planned work	Timing of work
Your Business at risk (YB@R)	Survey that identifies how staff are implementing IT security controls in practice	To be agreed
Review of IA	Review of the service against the CIPFA code	Late 2009/early 2010
International Financial Reporting Standards (IFRS)	overview of preparation arrangements review of material treatments as they emerge	Late 2009 as required
MTFS and efficiencies – overview of progress	Ongoing monitoring of the financial position and County approach to financial stability	Across year

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<mailto:n-childs@audit-commission.gov.uk>).

Yours sincerely

Maria Grindley
District Auditor

cc Sue Scane, Chief Financial Officer and Assistant Chief Executive

cc 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.

Table 1

Planned output	Indicative date
Opinion Plan	June 2010
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
Your Business at Risk survey	April 2010 for survey