

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 2010/11

I am writing to confirm the audit work and fees proposed for the 2010/11 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 Commission for 2010/11 and
- reflects only the audit element of our work, excluding any inspection and assessment fees. Your Audit Commission Comprehensive Area Assessment Lead will be writing to you separately on these fees.

As I have not yet completed my audit for 2009/10 my risk assessment will continue as the year progresses and fees will be reviewed and updated as necessary.

The total indicative fee for 2010/11 is £271,500 which compares to the planned fee of £280,200 for 2009/10. A summary of this is shown in the table below.

Audit fee

Audit area	Planned fee 2010/11	Planned fee 2009/10
Financial statements	140,500	142,600
Whole of government accounts	2,700	2,600

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Council Use of Resources/VFM Conclusion [including risk based work and data quality]	105,500	112,750
Fire Use of resources and data quality	22,800	22,250
Total audit fee	271,500	280,200
Managing performance	separate letter	18,300
Total fee		298,500
Certification of claims and returns	10,200	10,000

The Audit Commission has published its work programme and scales of fees 2010/11. A copy of this document can be found on the Audit Commission's website. My proposed fee is 12% above scale and is within the normal level of variation specified by the Audit Commission. This variation relates primarily to the need to complete additional work on fire use of resources and data quality given that the fire authority is integrated into the county council.

The work programme published by the Commission signalled a 6% increase from the previous year to take account of additional audit work arising from the introduction of International Financial Reporting Standards and this is reflected in my proposal. The Audit Commission's Chief Executive set out the background to this in his letter of 5 February 2010. He has also confirmed that the Audit Commission will make a direct refund to you of part of this fee in December 2010. This represents our best estimate of the additional costs association with IFRS transition in 2010/11.

Changes in International Auditing Standards will also increase the audit procedures I need to carry out. In line with the fee proposals for 2010-11, I will absorb the cost of these additional requirements within the above fee.

A separate opinion plan for the audit for the financial statements will be issued to you once my ongoing work is sufficiently advanced. This will detail any risks identified, planned audit procedures and any changes in fee. In considering the scope and nature of my audit, I wish to draw your attention to the following documents, which are available via the Audit Commission's website (www.audit-commission.gov.uk)

- Statement of responsibilities of auditors and audited bodies;
- Code of audit practice.

If I need to make any significant amendments to the audit fee during the course of this plan, 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.

For the purposes of setting this fee, I have assumed that my use of resources assessments will continue to be based on the key lines of enquiry as set out in the Audit Commission's work programme and scales of fees 2010/11. These are;

- o Managing Finances
- o Governing the business and
- o Managing Resources.

You will be aware that the Audit Commission is currently undertaking a review of the Use of Resources framework and my work and associated fee may need to be reassessed when the outcomes of this review are published.

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 for value for money audit work is shown in the table below:

Risk	Planned work	Timing of work
International Financial Reporting Standards (IFRS) – inherent risk due to the scale and complexity of changes	overview of preparation arrangements review of material treatments as they emerge review of restated figures for prior years	across year across year to be agreed
MTFS and efficiencies – review of progress	Ongoing monitoring of the financial position and County approach to financial stability	Across year
Transfer of educational funding for 16-19 year olds	overview of arrangements drawing on Internal Audit involvement	as issues emerge

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
Audit plan	December 2010
Annual governance report	September 2011
Auditor's report giving the opinion on the financial statements and value for money conclusion	September 2011
Use of resources report	September 2011
Final accounts memorandum (to the Chief Financial Officer and Assistant Chief Executive)	October 2011
Annual audit letter	November 2011