

20 April 2011

Mr M Burrows
Chief Executive
Nottinghamshire County Council
County Hall
West Bridgford
Nottingham
NG2 7QP

Direct line

0844 798 4361

Email

a-blackburn@audit-
commission.gov.uk

— Dear Mick

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 Nottinghamshire 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; and
- Whole of Government accounts.

Audit fee

The Audit Commission has set a specific 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 Nottinghamshire County Council has been set by the Audit Commission at £218,250. The scale fee is based on the planned 2010/11 fee, adjusted for the proposals summarised above and results in an overall reduction of 10%, shown in the table below. Increases 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 Commission, Rivermead House, 7 Lewis Court, Grove Park, Enderby,
Leicestershire, LE19 1SU
T 0844 798 3311 F 0844 798 4422 www.audit-commission.gov.uk

Audit area	Scale fee 2011/12	Planned fee 2010/11
Audit fee	£218,250	£242,500
Certification of claims and returns (estimate)	£5,800	£5,800

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. I will issue a separate audit plan in February 2012. This will detail the risks identified to both the financial statements audit and the vfm conclusion. It is clear that the changes to the Council's core financial systems planned during 2011/12 present a number of risks which are likely to require additional audit work. The audit plan will set out the audit procedures I plan to undertake but at this stage I expect to contain the additional audit work within the scale fee. If I need to make any significant amendments to the audit fee, I will first discuss this with the Service Director - Finance. I will then prepare a report outlining the reasons the fee needs to change for discussion with the Audit Committee and include the revised fee in my audit plan.

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
Andrew Blackburn Engagement Lead	a-blackburn@audit-commission.gov.uk 0844 798 4361	Responsible for the overall delivery of the audit including the quality of outputs and issuing the auditor's report.
Mike Norman Audit Manager	ma-norman@audit-commission.gov.uk 0844 798 4403	Manages and coordinates the different elements of the audit work. Key point of contact for the Service Director – Finance.

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

Andrew Blackburn
District Auditor

cc Mr A Sumby, Service Director – Finance
Councillor Sheila Place, Chair of the Audit Committee

Appendix 1- Planned outputs

We will discuss and agree our reports with officers before issuing them to the Audit and Risk Committee.

Table 1

Planned output	Indicative date
Audit plan	February 2012
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 (to the Service Director - Finance if required)	October 2012
Annual audit letter	November 2012
Annual claims and returns report	February 2013