



Our Ref PRW/SBC/2011-12

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Dear Scott

Indicative Audit Fees – 2011/12

I'm writing to summarise the audit work that we propose to undertake for the 2011/12 financial year at Stevenage Borough Council (the Council) and the associated indicative fee.

Indicative Scale Fees

In prior years, we used a fee calculation to determine the scale fee. For 2011/12, the Commission has independently set scale fees based on the fee for 2010/11. All councils have received notification of this fee and it is publically available at <http://www.audit-commission.gov.uk/localgov/audit/auditmethodology/fees/pages/individualfeeslocalgovt201112.aspx>.

The fee for 2011/12 has been set at £140,730. This represents a decrease of 5% on the 2010/11 fee.

The 2010/11 fees reflected our assessment of risk and complexity at the Council. We have not yet completed our 2010/11 audits, therefore the audit planning process for 2011/12, including the risk assessment, will continue as the year progresses and the fee will be reviewed and updated as necessary.

The scale fee is also based on the assumption that detailed working papers, and other specified information, are provided to an agreed timetable. Where agreed timetables are not met and/or poor documentation is provided such that additional audit work is necessary, or the audit is delayed, we reserve the right to charge additional fees to cover the costs incurred. We must seek approval from the Audit Commission for any variance to the scale fee.

The fees noted above exclude any work requested by you that the Audit 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.

Value for Money Conclusion

Under the Audit Commission Act, we must be satisfied that each Council has adequate arrangements in place to secure economy, efficiency and effectiveness in its use of resources. To arrive at our conclusion we will focus on the Council's arrangements for:

- Securing financial resilience; and
- Prioritising resources within tighter budgets

Our work to support our conclusions will be risk-based. We will agree the detail of this with the Council during the course of the year.

Other Work

The Audit Commission has specified we carry out additional audit work on the Whole of Government Accounts.

The lower threshold for certification of grants and returns has increased to £125,000. However, this is unlikely to affect the Council as the returns that we certify at the Council are above this threshold level. The hourly rates for 2011/12 are:

Staff grade	Rate (£ per hour)
Partner	345
Manager	195
Senior Auditor	125
Other staff	95

Fee arrangements for objections do not change.

Audit Team

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

Engagement Lead -Phil Westerman 0207 728 2548 philip.r.westerman@uk.gt.com

Audit Manager – Nick Taylor 01223 225514 nick.taylor@uk.gt.com

Audit Executive – Natalie Sharp 0207 728 2416 natalie.sharp@uk.gt.com

2010-11 audit fee review

Following discussions with both members and officers, the calculation for the 2010/11 audit fee was re-visited with up to date forecast expenditure balances. This review did not highlight a reduction in the scale audit fee. In addition to this, it was queried as to whether we would be able to adjust the fee on the basis that group accounts are no longer being prepared. Unfortunately, the scale fee is calculated on a risk basis and, as the preparation of group accounts was not considered to be an additional risk, there is no allowance for a subsequent reduction in the fee level.

Additional Support and Quality Control

Outside of our Code of Practice audit we are able to carry out non-Code work to support the Council in other areas they may require additional support. We would be happy to discuss with you options for how we may help further.

We are 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 the engagement lead in the first instance. Alternatively you may wish to contact the Head of Government Audit at Grant Thornton UK LLP, Sarah Howard at sarah.howard@gtuk.com.

Yours sincerely

Phil Westerman

Engagement Lead

Grant Thornton UK LLP