

Ian Gallin  
Chief Executive Officer  
Forest Heath District Council  
District Offices  
College Heath Road  
Mildenhall  
IP28 7EY

16 April 2013

Ref: 28669557/Fee/1  
Direct line: 01223 394459  
Email: [nharris2@uk.ey.com](mailto:nharris2@uk.ey.com)

Dear Ian

**Forest Heath District Council  
Audit and certification fees 2013-14**

We are writing to confirm the 2013-14 audit and certification work we propose to undertake. The 2013-14 fees reflect the risk-based approach promoted by the Audit Commission for audit and certification work.

**Planned audit fee**

The audit fee covers the work we perform to provide our:

- ▶ Opinion on the financial statements
- ▶ Value for money conclusion
- ▶ Report to the National Audit Office on the Whole of Government Accounts

The Audit Commission has set scales of fees as part of its five year procurement exercise. It has indicated scale fees are not liable to increase in that period unless there is a change in scope. For 2013-14 the Audit Commission has set a scale fee for each audited body. The scale fee is based on certain assumptions, including:

- ▶ The overall level of risk in relation to the audit of the financial statements, Whole of Government Accounts and proper arrangements is not significantly different from that of the prior year
- ▶ Reliance can be placed on the work of internal audit to the maximum extent possible under auditing standards
- ▶ The financial statements will be available in line with the agreed timetable
- ▶ Working papers and records provided in support of the financial statements are of a good quality and are provided in line with agreed timetable
- ▶ Prompt responses are provided to draft audit reports

Meeting these assumptions will help ensure the delivery of an audit at the audit scale fee.

We have set the planned audit fee at the scale fee level which assumes the overall level of risk is not significantly different from that of 2012-13. The 2012-13 audit is in progress. We will update our risk assessment and undertake more detailed planning for the 2013-14 audit after we complete the 2012-13 audit.

### Certification fee

The Audit Commission has set a composite indicative fee for certification work for each audited body. The indicative fee is based on actual 2011-12 certification fees adjusted to reflect the fact that a number of schemes will no longer require auditor certification, and incorporating a 40 per cent reduction.

The composite indicative fee is based on the expectation that an audited body is able to provide the auditor with complete and materially accurate claims and returns, with supporting working papers, within agreed timeframes.

The indicative certification fee for 2013-14 relates to work on grant claims and returns for the year ended 31 March 2014. We have set the certification fee at the composite indicative fee level which assumes the same level of work on claims and returns as 2011-12. We will update our risk assessment after we complete 2012-13 certification work and to reflect further changes in the Audit Commission's certification arrangements.

Where the Department for Work and Pensions raises queries on the certified 2011-12 and 2012-13 housing and council tax benefit claims, further work and extra fee will be required.

### Summary of fees

	Planned fee 2013-14 £	Planned fee 2012-13 £	Actual fee 2011-12 £
Code audit fee	61,845	61,845	107,575
Certification fee	23,700	17,450	42,710

The planned audit and certification fees will be billed in quarterly instalments of £21,386.

Any additional work we may agree to undertake (outside of the Audit Code of Practice) will be separately negotiated and agreed with you in advance. We have been asked to review the accounting treatment of the Home of The Horseracing Trust project and have agreed with officers this will be a change in the scope of the audit and will require an additional fee. We will provide the detail of this once the scope of the work has been agreed. This is still to be approved by the Audit Commission, and therefore has not been included in the planned fee for 2012-13 in the table above.

### Audit plan

We will issue our 2013-14 audit plan for the audit of the financial statements, Whole of Government Accounts and proper arrangements in November 2013. This will detail the financial statement and value for money conclusion risks identified, planned audit procedures to respond to those risks, and any changes in fee. Should we need to make any significant amendments to the audit fee during the

course of the audit, we will discuss this in the first instance with the Head of Resources and Performance and, if necessary, prepare a report outlining the reasons for the fee change for discussion with the Performance and Audit Committee.

**Audit team**

The key members of the audit team for 2013-14 are:

Neil Harris

**Director**

[nharris2@uk.ey.com](mailto:nharris2@uk.ey.com)

Tel: 01223 394459

---

Gary Belcher

**Manager**

[gbelcher@uk.ey.com](mailto:gbelcher@uk.ey.com)

Tel: 01223 394596

---

We are committed to providing you with a high quality service. If at any time you would like to discuss with us how our service to you could be improved, or if you are dissatisfied with the service you are receiving, please contact me. If you prefer an alternative route, please contact Steve Varley, our Managing Partner, 1 More London Place, London, SE1 2AF. We undertake to look into any complaint carefully and promptly and to do all we can to explain the position to you. Should you remain dissatisfied with any aspect of our service, you may of course take matters up with our professional institute.

Yours sincerely



Neil Harris  
Director  
Ernst & Young LLP  
United Kingdom

cc. Councillor Noble, Chair of the Performance and Audit Committee  
Rachael Mann, Head of Resource and Performance