

21 April 2009

Mr D Hughes  
Chief Executive  
Tonbridge & Malling Borough Council  
Kings Hill  
Kent ME19 4LZ

Dear David

### Annual audit fee 2009/10

I am writing to confirm the audit work that we propose to undertake for the 2009/10 financial year at Tonbridge & Malling Borough Council. Our 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 fees relating to inspection or comprehensive area assessment activity. Claire Bryce-Smith will write to you separately on inspection and assessment fees.

As I have not yet completed my audit for 2008/09 the audit planning process for 2009/10 will continue as the year progresses and fees will be reviewed and updated as necessary.

The total indicative fee for 2009/10 is for £96,600 (exclusive of VAT) which compares to the planned fee of £92,584 for 2008/09. A detailed breakdown of the fee is shown in the table below.

<b>Audit area</b>	<b>Planned fee 2009/10</b>	<b>Planned fee 2008/09</b>
Financial statements	66,850	64,027
Use of Resources/VFM Conclusion [including risk based work]	27,650	26,757
WGA	2,100	1,800
<b>Total audit fee</b>	<b>96,600</b>	<b>92,584</b>
Certification of claims and returns	31,500	30,600

The Audit Commission has published its work programme and scales of fees for 2009/10. Based on the Council's current estimated gross expenditure for 2009/10 (£60.1 million) the scale fee for Tonbridge & Malling Council is £107,374. The fee proposed for 2009/10 is 10 per cent below the scale fee (2008/09: 10% below 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 initially identified for 2008/09, other than where there is a need to take into account issues associated with the general economic downturn. I will provide an updated assessment of the risks relevant to our 2009/10 opinion audit in early 2010. If I need to make any amendments to the audit fee during the course of the audit, these will be discussed initially with the Director of Finance and reported to the Audit Committee.

The fee quoted for grant certification work is an estimate only, as this work will continue to be charged on a per diem basis using the published daily rates.

My use of resources assessment will be based upon the evidence from three themes:

- Managing finances;
- Governing the business; and
- Managing resources.

The key lines of enquiry for this assessment are set out in the Audit Commission's work programme and scales of fees 2009/10. The work on use of resources will inform my 2009/10 value for money conclusion. In its most recent use of resources assessment the Council received an overall score of 4 ("Well above minimum standards - performing strongly"). Therefore my current assessment is that there are few areas of residual risk which may require work over and above that generally required to inform my use of resources assessment and the value for money conclusion. These areas of residual risk are shown in the table below. In each case I will consider the arrangements put in place by the Council to mitigate the risk, and plan my work accordingly.

Risk	Planned work	Timing of work
The new use of resources framework requires assessments in a number of areas not previously considered. For 2009/10 the Key Line of Enquiry for "Natural Resources" will be assessed for the first time	We will liaise with the Council on the evidence required to support our assessment in this area for 2009/10.	October 2009-March 2010

<p>The Tonbridge Town Centre redevelopment plan carries with it a range of risks which the Council will need to manage relating to performance and financial management.</p>	<p>As the timing and scope of any partnership arrangements is not yet clear we have not allowed for any detailed work in the current audit fee</p> <p>We will monitor progress with the development of the scheme and of any related partnership arrangements and consider the work required to support our 2009/10 opinion and value for money conclusion.</p>	<p>May 2009 – September 2010</p>
<p>Working in partnership to deliver good community engagement is crucial to the delivery of many of the targets and aspirations contained in the Kent Local Area Agreement 2 (LAA2). This is reflected in Local Strategic Partnerships (LSPs) and associated health and well being partnerships. The success and effectiveness of community engagement varies across the country, because joint working is complex and presents unique challenges which must be overcome if improvement is to be achieved.</p>	<p>We will survey those public bodies which contribute to the Kent LAA2 to seek evidence about the effectiveness of the work they are undertaking to ensure community engagement.</p> <p>We will report the results to the Kent LAA delivery board and to individual audited bodies.</p>	<p>November 2009 – July 2010</p>

A specification for the work on community engagement will be agreed with the participating organisations prior to the start of the work.

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. Any work under this heading will be separately negotiated and a detailed project specification agreed with you.

The key members of the audit team for 2009/10 are shown at Appendix 2.

I remain 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, then please contact me in the first instance. Alternatively you may wish to contact the Head of Operations for the South East, Neil Childs ([n-childs@audit-commission.gov.uk](mailto:n-childs@audit-commission.gov.uk)).

Yours sincerely

Andy Mack  
*District Auditor*

## Appendix 1: Planned outputs

Reports will be discussed and agreed with the appropriate officers before being issued to the Audit Committee.

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**Table 1**

<b>Planned output</b>	<b>Indicative date</b>
Audit plan	May 2009
Updated opinion risk assessment	March 2010
Community engagement	TBA
Auditor's report giving the opinion on the financial statements and value for money conclusion	September 2010
WGA auditor's report	September 2010
Annual governance report (final version)	October 2010
Final accounts memorandum (if required)	October 2010
Use of resources report	October 2010
Annual audit letter	November 2010

## Appendix 2: The audit and inspection team

The key members of the audit and inspection team for the 2009/10 audit are shown in the table below.

**Table 2**

Name	Contact details	Responsibilities
Claire Bryce-Smith Comprehensive Area Assessment Lead	<a href="mailto:c-bryce-smith@audit-commission.gov.uk">c-bryce-smith@audit-commission.gov.uk</a> 07818 427477	The primary point of contact with the Council and the interface at the local level between the Commission and the other inspectorates, government offices and other key stakeholders.
Andy Mack District Auditor	<a href="mailto:a-mack@audit-commission.gov.uk">a-mack@audit-commission.gov.uk</a> 07765 898682	As appointed auditor, responsible for the overall delivery of the audit including the quality of outputs, signing the opinion and conclusion, and liaison with the Chief Executive and Audit Committee.
Trevor Greenlee Audit Manager	<a href="mailto:t-greenlee@audit-commission.gov.uk">t-greenlee@audit-commission.gov.uk</a> 07909 534624	Manages and co-ordinates the different elements of the audit work. Key point of contact for the Head of Finance.