

18 April 2011

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

Email

a-mack@audit-
commission.gov.uk

Dear David

Annual audit fee 2011/12

I am writing to confirm the audit work that I propose to undertake for the 2011/12 financial year at Tonbridge & Malling Borough 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
- Whole of Government accounts.

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.

Audit fee

For 2011/12 the Audit Commission has set the scale fee for each audited body, 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 set by the Audit Commission for Tonbridge & Malling Borough Council is £100,225. Variations 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 area	Planned fee 2011/12	Planned fee 2010/11
Audit fee	£100,225	£105,500
Certification of claims and returns	£34,000	£34,000

In addition, I will be required to certify a number of grant claims and returns prepared by the Council. The work required in this area is variable and depends on the approach specified by government departments. I will seek to place reliance on the Council's control environment and the work of internal audit in order to minimise the cost to the Council. At this stage, I anticipate fees in the region of £34,000, which is the same as my planned fee for 2010/11.

I will issue a detailed audit plan in February 2012. This will set out any risks I have identified in respect of the financial statements audit and the VFM conclusion. The plan will also set out the audit procedures I plan to undertake and any changes in fee. If I need to make any significant amendments to the audit fee, I will first discuss this with the Director of Finance. I will then prepare a report outlining the reasons the fee needs to change for discussion with the Audit Committee.

My work to support the VFM conclusion will focus on the Council's financial resilience, including the robustness of its medium term financial planning framework. I will also consider its arrangements for prioritising resources in an environment of financial constraint.

The planned outputs from my audit are listed 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
Andy Mack Engagement Lead	a-mack@audit-commission.gov.uk 0844 798 2846 07765 898682	Andy is responsible for the overall delivery of the audit including the quality of outputs, liaison with the Chief Executive and the Chair of the Audit Committee and issuing the auditor's report.
Trevor Greenlee Engagement Manager	t-greenlee@audit-commission.gov.uk 0844 798 6117 07909 534624	Trevor manages and coordinates the different elements of the audit work. Key point of contact for the Director of Finance.
Hannah Lill Team Leader	h-lill@audit-commission.gov.uk 0844 798 1354 07896 684762	Hannah has experience of auditing the financial statements of local authorities. She will lead the on-site team in delivering the audit.

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

Andy Mack
District Auditor

cc Sharon Shelton – Director of Finance

cc Councillor Mark Rhodes - Chair of the Audit Committee

Appendix 1- Planned outputs

We will discuss and agree our reports with officers before issuing them to the finance and audit 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
Annual audit letter	November 2012
Annual claims and returns report	February 2013