

Our reference South/MA202/EH

27 April 2009

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— Dear David

Annual audit fee 2009/10

Further to our discussions, I am writing to confirm the audit work that we propose to undertake for the 2009/10 financial year at Maidstone Borough Council. The 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 inspection and assessment fees. Your Comprehensive Area Assessment Lead, Claire Bryce-Smith, will be writing to you separately on these fees.

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

The total indicative fee for the audit for 2009/10 is for £109,020 (excluding VAT) which compares to the planned fee of £106,818 for 2008/09. A summary of this is shown in the table below.

Audit fee

Audit area	Planned fee 2009/10 (£)	Planned fee 2008/09 (£)
Financial statements	75,557	72,423
Use of Resources/VFM Conclusion	31,641	33,355
WGA	1,822	1,040
Total audit fee	109,020	106,818
Certification of claims and returns	22,000	22,000

The Audit Commission has published its work programme and scales of fees 2009/10. The scale fee for Maidstone Borough Council is £115,894. The fee proposed for 2009/10 is 5.9 per cent 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 identified in 2008/09. A separate plan for the audit of the financial statements will be issued in December 2009. This will detail the risks identified, planned audit procedures and any changes in fee. The quoted fee for grant certification work is an estimate only and will be charged at published daily rates. If I need to make any significant amendments to the audit fee during the course of the audit, I will first discuss this with the Chief Finance Officer and then prepare a report outlining the reasons why the fee needs to change for discussion with the Audit Committee.

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

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

The key lines of enquiry specified for the assessment are set out in the Audit Commission's work programme and scales of fees 2009/10. My work on use of resources informs my 2009/10 value for money conclusion. However, I have identified some early risks in relation to this work. For each risk, I consider the arrangements put in place by the Council to mitigate the risk, and plan my work accordingly. My initial risk assessment for value for money audit work is shown in the table below.

Table 1 Initial risks in relation to value for money conclusion

Risk	Planned work	Timing of work
<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</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>To be confirmed</p>

overcome if improvement is to be achieved.		
The Council is considering a number of arrangements with other councils for the provision of various shared services. This can offer significant economies of scale but service performance, business continuity and contractual risks will need managing.	We will monitor the Council's progress in managing the associated risks as part of our continuous audit work.	April 2009 - August 2010.

I will issue a separate project specification for the community engagement review before beginning 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 work any work requested by you that the Audit Commission may agree to undertake using its advice and assistance powers. Each piece of work would be separately negotiated and a detailed project specification agreed with you.

The key members of the audit team for the 2009/10 are:

Audit Manager	Steve Golding	07769 881392
Team Leader	Chris Bacon	07748 933723

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 in the first instance. Alternatively you may wish to contact the South East Head of Operations, Neil Childs (n-childs@audit-commission.gov.uk).

Yours sincerely

Emily Hill
Appointed Auditor

cc Derek Williamson, Chief Finance Officer
David Edwards, Director of Change & Environmental Services
John Horne, Chair of the Audit Committee

Appendix 1 – Planned outputs

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

Table 2 Planned outputs

Planned output	Indicative date
Opinion audit plan	December 2009
Interim audit memorandum (if appropriate, to the Chief Finance Officer)	May/June 2010
Annual governance report	September 2010
Auditor's report giving an opinion on the financial statements and value for money conclusion	September 2010
WGA auditor's report	October 2010
Use of Resources report	October 2010
Final accounts memorandum (to the Chief Finance Officer)	October/November 2010
Housing and council tax benefits report giving key findings from our associated grant certification work (if appropriate, to the Chief Finance Officer)	November 2010
Annual Audit Letter	November 2010
Community engagement report	To be confirmed



29 April 2009

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— Dear David

Annual inspection fee 2009/10

I am writing to confirm the assessment and inspection work that we propose to undertake for the 2009/10 financial year at Maidstone Borough Council. The inspection fee:

- is based on the risk-based approach to inspection planning as set out in the Comprehensive Area Assessment (CAA) framework and associated guidance; and
- reflects only the Audit Commission's inspection work, excluding any audit fees. Your appointed auditor will be writing to you separately on fees for audit work.

CAA will deliver a more proportionate and risk based approach to inspection, targeting only high risk services and outcomes for inspection where alternative improvement activity is not appropriate. The inspection plan will be reviewed and updated as necessary.

The total indicative fee for inspection for 2009/10 is £9,152 and is shown in the table below. The inspection fee has been set in accordance with the Audit Commission's work programme and scales of fees 2009/10.

Assessment and inspection work plan and fee

Assessment / inspection activity	Planned fee for 2009/10
Area assessment of local partnership	n/a (CLG grant funded)
Managing performance theme of organisational assessment	£9,152
Total inspection fee	£9,152

If I need to make any significant amendments to the inspection plan and fee during the course of the year, I will first discuss this with you and then confirm in writing outlining the reasons for the change, including the proposed scope for the work.

The above fee excludes any work you requested and the Commission has agreed to undertake using its advice and assistance powers.

If you have any questions regarding this letter, please contact me in the first instance. Alternatively you may wish to contact the South East Head of Operations, Neil Childs.

Yours sincerely

Claire Bryce-Smith
Comprehensive Area Assessment Lead

cc Derek Williamson, Chief Finance Officer