CAMBRIDGESHIRE COUNTY COUNCIL

FEE LETTER 2017/18

26 April 2017

BDO

PROPOSED FEES

SCOPE OF THE AUDIT

We are required to report to you our proposed fees and programme of work for the 2017/18 financial year.

CODE AUDIT FEE

The Code audit fee is based on the work required under the Code of Audit Practice issued by the National Audit Office (NAO) and covers the audit of the financial statements and value for money conclusion.

Public Sector Audit Appointments Limited (PSAA) is responsible for setting the scale fees for local authorities and consulted on the proposed work programme and scale of fees in October 2016. The consultation closed in January 2017 and no changes have been made to the overall work programme or scale fees for 2017/18 compared to 2016/17. PSAA has the power to determine the fee above or below the scale fee where there has been a change that requires substantially more or less work than envisaged by the scale fee.

AUDIT RELATED SERVICES

Audit related services are those non-audit services that are largely carried out by members of the engagement team where the work involved is closely related to the work performed in the audit and the threats to auditor independence are clearly insignificant and, as a consequence, safeguards need not be applied. In recent years, a number of grants and returns were included in the certification scale fee that are no longer mandated for review by PSAA, but still require certification by the auditor. These are covered by separate engagement letters with the Council.

OTHER NON-AUDIT SERVICES

Other non-audit services are those services not closely related to the work performed in the audit that could be provided by a number of firms. Auditors are prevented from undertaking such work if it would present a threat to independence for which no adequate safeguards are available. Independence concerns may arise due to the nature of the work or from the value of fees derived.

FEES

AUDIT AREA	PROPOSED 2017/18 (£)	SCALE 2017/18 (£)	PROPOSED 2016/17 (£)
Code audit fee	94,061	94,061	94,061
Total PSAA regime fees	**94,061**	**94,061**	**94,061**
Other non-audit services			
Skills Funding Agency	TBC(1)	N/A	3,650
TOTAL FEES	**TBC**	**94,061**	**97,711**

(1) The scope of the work to be performed in relation to the 2017/18 Skills Funding Agency grant has not yet been published. Should the Council choose to appoint us to undertake the work, we will confirm our proposed fee following publication of the requirements.

AMENDMENTS TO THE PROPOSED FEES

If we need to propose any amendments to the fees during the course of the audit, where our assessment of risk and complexity are significantly different from those reflected in the proposed fee or where we are required to carry out work in exercising our additional powers and duties, we will first discuss this with the Chief Finance Officer. Where this requires a variation to the scale fee we will seek approval from PSAA. If necessary we will also prepare a report outlining the reasons why the fee needs to change, for discussion with the Audit and Accounts Committee. At this stage, nothing has come to our attention that would require us to seek approval to amend the scale fee for 2017/18.

BILLING ARRANGEMENTS

We will raise invoices for the Code audit fee in two equal instalments of £47,030.50 in July 2017 and January 2018. Following our firm's standard terms of business, full payment will be due within 14 days of receipt of invoice. Fee invoices for other services will be raised as the work is completed.

AUDIT ARRANGEMENTS

PLANNED OUTPUTS

We plan to issue the following reports and opinions over the course of the 2017/18 audit:

REPORT	DATE
Audit plan	March 2018
Report on any significant deficiencies in internal controls	July 2018
Audit completion report	July 2018
Independent auditor's report including: • Opinion on the financial statements • Use of resources conclusion • Certificate of audit closure	31 July 2018
Whole of Government Accounts assurance statement and report to the NAO	August 2018
Annual audit letter	October 2018

CLIENT SATISFACTION

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 Lisa Clampin in the first instance. Alternatively, you may wish to contact our Managing Partner, Paul Eagland. Any complaint will be investigated carefully and promptly. If you are not satisfied you may take up the matter with the Institute of Chartered Accountants in England and Wales ('ICAEW'). In addition, the PSAA complaints handling procedure is detailed on their website http://www.psaa.co.uk/about-us/contact-us/complaints/.

AUDIT TEAM

The key members of the audit team will be:

ENGAGEMENT LEAD: LISA CLAMPIN

Email: Lisa.Clampin@bdo.co.uk

Tel: 01473 320 716

Lisa will be responsible for the overall delivery of the audit including the quality of outputs and liaison with senior management.

ENGAGEMENT MANAGER: BARRY PRYKE

Email: Barry.Pryke@bdo.co.uk

Tel: 01473 320 793

Barry will manage and co-ordinate each aspect of the audit and will be the key contact with the finance team.

ASSISTANT MANAGER: TIM BYFORD

Email: Tim.Byford@bdo.co.uk

Tel: 01473 320 724

Tim will support Barry in the management of the audit and the on-site audit team.

SENIOR: ROSS BEARD

Email: Ross.Beard@bdo.co.uk

Tel: 01473 320 785

Ross will lead the delivery of the financial statements audit.

AUDIT APPOINTMENTS FOR 2018/19 AND BEYOND

Our current contract negotiated by the Audit Commission in April 2014 will end after the 2017/18 audit.

PSAA has been specified as an appointing person under the provisions of the Local Audit and Accountability Act 2014 and regulation 3 of the Local Audit (Appointing Person) Regulations 2015. For external audits from 2018/19, PSAA will appoint an auditor to relevant principal local government authorities that have opted into its national scheme.

Those authorities that have not opted into this national scheme are required to make local appointments for external audit services for 2018/19 and beyond, in accordance with the Local Audit and Accountability Act 2014.

Audit appointments for 2018/19 must be made by 31 December 2017.

We understand that the Council has opted in to the PSAA national scheme.

FOR MORE INFORMATION:

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The matters raised in our report prepared in connection with the audit are those we believe should be brought to the attention of the organisation. They do not purport to be a complete record of all matters arising. No responsibility to any third party is accepted.

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