

LC/zt/dmg/wfdc

Our reference

5 March 2009

Mr Walter Delin
 Chief Executive
 Wyre Forest District Council
 Civic Centre
 Stourport-on-Severn
 Worcestershire
 DY11 5NF

Dear Walter

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 Wyre Forest District 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 will be writing to you separately on inspection 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 £103,660 (exclusive of VAT) which compares to the planned fee of £102,380 for 2008/09. There is an additional work highlighted below that relates to the contribution to the county-wide waste review. A summary of this is shown in the table below.

Audit fee

Audit area	Planned fee 2009/10	Planned fee 2008/09
Financial statements	69,780	65,400
Use of Resources/VFM Conclusion	31,400	34,530
WGA	2,480	2,450
Total audit fee	103,660	102,380
Waste	2,840	
Certification of claims and returns	20,000	not stated

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The Audit Commission has published its work programme and scales of fees 2009/10. The scale fee for Wyre Forest District Council is £101,596. The fee of £103,660 proposed for 2009/10 is 2 per cent above the scale fee.

In setting the fee at this level, I have assumed that there is moderately more risk in relation to the financial statements 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 Director of Finance 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 a number of significant risks in relation to my value for money conclusion. 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:

Risk	Planned work	Timing of work
Finance strategy: the Council is in the process of agreeing a new Finance Strategy for the next three years to achieve a balanced budget. Key to this strategy is achievement of some large budget savings.	We will review the Council’s financial plans and monitor progress throughout the year, as part of our work on Use of Resources.	March 2009 – March 2010
The Council is currently finalising plans for a new management structure, designed to increase capacity to facilitate modernising and streamlining Council services.	We will review progress as part of our use of resources work.	February 2009 - February 2010
The Council had £9m invested with Icelandic banks which has been ‘frozen’ and there are ongoing discussions with government, advisors and other authorities about the status of these funds.	We will continue to liaise with management about progress.	ongoing
Management of waste at both district and county level is a priority.	We will carry out a joint review across all partner organisations considering waste.	September 2009 – December 2009

Our 2007/2008 performance management report highlighted that whilst the council has put in place some good processes, these are not fully embedded.	We will review Council progress against the agreed action plan	October 2009-
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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. Each piece of work will 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 : Zoe Thomas 0844 798 7557

Team Leader: Mary Wren. 0844 798 7560

Performance specialist: Terry Atkins 0844 798 1165

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 West Midlands Head of Operations, W.Midlands (w-midlands@audit-commission.gov.uk).

Yours sincerely

Liz Cave
District Auditor

Appendix 1: Planned outputs

Our reports will be discussed and agreed with the appropriate officers before being issued to the audit committee.

Table 1

Planned output	Indicative date
County-wide waste review	September 2009
Opinion plan	January 2010
Annual governance report	September 2010
Auditor's report giving the opinion on the financial statements and value for money conclusion	September 2010
Use of resources report	September 2010
Final accounts memorandum (to the Director of Finance)	October 2010
Annual audit letter	November 2010

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