

Penny Thompson
Chief Executive
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Ref: HT/1415/BHCC/feeletter

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Dear Penny

Annual Audit and Certification Fees 2014/15

We are writing to confirm the audit and certification work that we propose to undertake for the 2014/15 financial year at Brighton & Hove City Council. The fee reflects the risk-based approach to audit planning set out in the Code of Audit Practice and the work mandated by the Audit Commission for 2014/15.

Indicative Audit Fee

The audit fee covers the:

- ▶ audit of the financial statements;
- ▶ value for money conclusion; and
- ▶ whole of Government accounts.

The Audit Commission has set the scale fee for each audited body following the five year procurement exercise carried out in 2012. Consequently the fee is not liable to increase in that period without a change in scope.

The 2014/15 scale fee is based on certain assumptions, including:

- ▶ the overall level of risk in relation to the audit of the financial statements is not significantly different from that of the prior year;
- ▶ we are able to place reliance on the work of internal audit to the maximum extent possible under auditing standards;
- ▶ the financial statements will be available to us in line with the agreed timetable;
- ▶ working papers and records provided to us in support of the financial statements are of a good quality and are provided in line with our agreed timetable; and
- ▶ prompt responses are provided to our draft reports.

Meeting these assumptions will help ensure the delivery of our audit at the indicative audit fee.

The indicative audit fee set out in the table below has initially been set at the scale fee level as the overall level of risk in relation to the audit of the financial statements is not significantly different from that of the prior year.

As we have not yet completed our audit for 2013/14, our audit planning process for 2014/15 will continue as the year progresses. Fees will be reviewed and updated as necessary, within the parameters of our contract with the Audit Commission.

Certification fee

The Audit Commission has set an indicative certification fee for each audited body. The indicative fee is based on the 2012/13 actual certification fees, adjusted to reflect any known schemes that no longer require auditor certification. The Audit Commission has revised the previously published 2013/14 indicative certification fee to reflect further schemes that no longer require auditor certification.

The indicative fee is based on the expectation that an audited body is able to provide the auditor with complete and materially accurate claims and returns, with supporting working papers, within agreed timeframes.

Summary of Fees

	Indicative fee 2014/15 £	Planned fee 2013/14 £	Actual fee 2012/13 £
Total Code audit fee	210,330	210,330	210,330
Certification of claims and returns	18,530	21,602	26,509
Non audit work – 2013/14 advisory services for value for money through modernisation	N/A	75,000	N/A
Additional Code work – 2012/13 review of a proposed severance case	N/A	N/A	933

Any additional work that we may agree to undertake (outside of the Audit Code of Practice) will be separately negotiated and agreed with you in advance.

Billing

The indicative fee will be billed in four quarterly instalments of £57,215.

Audit Plan

Our plan for the audit of the financial statements is expected to be issued in March 2015. This will detail the significant financial statement risks identified, planned audit procedures to respond to those risks, and any changes in fee. It will also set out the risks identified in relation to the value for money conclusion. Should we need to make any significant amendments to the audit fee during the course of the audit, we will discuss this in the first instance with the Executive Director of Finance & Resources and, if necessary, prepare a report outlining the reasons for the fee change for discussion with the Audit & Standards Committee.

Audit team

As we have previously discussed, Helen Thompson has been the Council's engagement lead for seven years and has reached the mandatory time limit for rotation. The key members of the audit team for the 2014/15 financial year are:

Paul King
Director

PKing1@uk.ey.com

Tel: 0118 925 1556


Simon Mathers
Manager

SMathers@uk.ey.com

Tel: 07776 493851

We are committed to providing you with a high quality service. If at any time you would like to discuss with us how our service to you could be improved, or if you are dissatisfied with the service you are receiving, please contact me. If you prefer an alternative route, please contact Steve Varley, our Managing Partner, 1 More London Place, London, SE1 2AF. We undertake to look into any complaint carefully and promptly and to do all we can to explain the position to you. Should you remain dissatisfied with any aspect of our service, you may of course take matters up with our professional institute.

Yours sincerely



Helen Thompson
Director
For and on behalf of Ernst & Young LLP

cc. Catherine Vaughan, Executive Director of Finance & Resources
Cllr Leslie Hamilton, Chair of the Audit & Standards Committee