



PLYMOUTH CITY COUNCIL

Planning Letter 2015/16

April 2015

PROPOSED FEES

Introduction

Following the recent procurement exercise undertaken by the Audit Commission, BDO has been appointed as your external auditor for the 2015/16 and 2016/17 financial years. We have held introductory meetings with management and will arrange a formal hand over with your current external auditors following their completion of the audit for 2014/15.

At this stage, we are required to report to you the Audit Commission's scale fee and programme of work for 2015/16.

Scope of the audit

The existing Commission's Code of Audit Practice has been replaced by a new Code of Audit Practice issued by the National Audit Office for 2015/16. There is little change to the scope of the work required to be undertaken by auditors, which includes:

- Audit of the financial statements
- Value for money conclusion.

There is a separate proposed fee for the certification of the Housing Benefit subsidy claim on behalf of the Department for Work and Pensions.

Indicative fees

The proposed fee is based on the consultation undertaken by the Audit Commission in October 2014. Although the Commission closed on 31 March 2015, the Department for Communities and Local Government (CLG) asked the Commission to set fees for principal bodies before it closed. We have set out your fee on the table on the right. From 1 April 2015, Public Sector Audit Appointments Limited (PSAA) will oversee the Commission's contracts through to the end of 2017 and will also be responsible for setting fees in the future.

The indicative fee does not include any time required to investigate questions or objections from members of the public. Should any arise, time spent dealing with questions and objections will be billed separately.

If we need to propose any amendments to the audit fee during the course of the audit or where our assessment of risk and complexity are significantly different from those reflected in the proposed fee, we will first discuss this with the Assistant Director of Finance (s151 officer) and seek approval from the PSAA for a proposed variation of fee. If necessary, we will also prepare a report outlining the reasons why the fee needs to change for discussion with the **Audit Committee**.

Fees

AUDIT AREA	PROPOSED FEE 2015/16 (£)	GRANT THORNTON SCALE FEE 2014/15 (£)
Code audit fee	136,874	182,498
Certification fee	17,477	17,720
Total fees	154,351	200,218

Your current auditor will determine the final fees for 2014/15 based on their risk assessment and we have included the current scale fee above as reported by the Audit Commission.

The Commission completed a further audit procurement exercise in April 2014 which has enabled it to further reduce fees for the two years 2015/16 and 2016/17, and CLG may wish to extend these contracts to lock in the reduced fees for a further three years. This has allowed the Commission to reduce Code fees by 25%, resulting in combined Code and certification fee savings of **£45,867** for the Council.

The proposed fees for 2015/16 remain at the scale rate published by the Commission.

AUDIT ARRANGEMENTS

Planned outputs

We plan to issue the following reports and opinions over the course of the 2015/16 audit:

REPORT	DATE
Progress reports to the Audit Committee	each meeting
Audit plan	December 2015
Report on any significant deficiencies in internal controls, if required, based on the results of our interim audit visit	May 2016
Final report to those charged with governance	September 2016
Independent auditor's report including: <ul style="list-style-type: none">Opinion on the financial statementsValue for money conclusionCertificate	September 2016
Whole of Government Accounts assurance statement and report to the NAO	October 2016
Summary of findings from the audit in the annual audit letter	October 2016
Grant claims and returns certification report	December 2016

Audit team

The key members of the audit team will be:

Engagement Partner - Greg Rubins

email: greg.rubins@bdo.co.uk

Tel: 0238 088 1892

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

Engagement Director - Paul Bricknell

email: paul.bricknell@bdo.co.uk


Tel: 0238 088 1889

Paul will manage and co-ordinate the technical aspects of the audit.

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 Greg Rubins in the first instance. Alternatively, you may wish to contact our Managing Partner, Simon Michaels. 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 Audit Commission's complaints handling procedure is detailed in their leaflet "How to complain: What to do if you want to complain about the Audit Commission or its appointed auditors", which is available on their website <http://www.audit-commission.gov.uk/about-us/contact-us/complaints>. PSAA will put in place similar arrangements for receiving and investigating complaints from 1 April 2015.



The matters raised in our report prepared in connection with the audit are those we believe should be brought to your attention. They do not purport to be a complete record of all matters arising. This report is prepared solely for the use of the organisation and may not be quoted nor copied without our prior written consent. No responsibility to any third party is accepted.

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