

Peter Grimwood  
Chief Executive  
Fareham Borough Council  
Civic Offices  
Civic Way  
Fareham  
PO16 7AZ

20 April 2016

Ref: FBC/16-17/Fee Letter

Direct line: 023 8038 2043

Email: KHandy@uk.ey.com

Dear Peter

## Annual Audit and Certification Fees 2016/17

We are writing to confirm the audit and certification work that we propose to undertake for the 2016/17 financial year at Fareham Borough Council.

### Indicative audit fee

For the 2016/17 financial year Public Sector Audit Appointments Ltd (PSAA) has set the scale fee for each audited body, following consultation on its Work Programme and Scale of Fees.

The fee reflects the risk-based approach to audit planning set out in the National Audit Office's Code of Audit Practice for the audit of local public bodies.

The audit fee covers the:

- Audit of the financial statements;
- Value for money conclusion; and
- Whole of Government accounts.

For Fareham Borough Council our indicative fee is set at the scale fee level. This indicative 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;
- There is an effective control environment;
- We can rely on the work of internal audit as planned;
- The operating effectiveness of the internal controls for the key processes identified within our audit strategy;
- Our accounts opinion and value for money conclusion being unqualified;

- Officers meeting the agreed timetable of deliverables;
- Appropriate quality of documentation is provided by the Council; and
- Prompt responses are provided to our queries and draft reports.

Meeting these assumptions will help ensure the delivery of our audit at the indicative audit fee which is set out in the table below.

As we have not yet completed our audit for 2015/16, our audit planning process for 2016/17 will continue as the year progresses. Fees will be reviewed and updated as necessary, within the parameters of our contract.

### Certification fee

The PSAA has set an indicative certification fee for housing benefit subsidy claim certification work for each audited benefits authority. The indicative fee is based on actual 2014/15 benefit certification fees, and incorporating a 25 per cent reduction.

The indicative certification fee is based on the expectation that an audited body is able to provide the auditor with a complete and materially accurate housing benefit subsidy claim with supporting working papers, within agreed timeframes.

The indicative certification fee for 2016/17 relates to work on the housing benefit subsidy claim for the year ended 31 March 2017. We have set the certification fee at the indicative fee level. We will update our risk assessment after we complete 2015/16 benefit certification work, and to reflect any further changes in the certification arrangements.

### Summary of fees

	Indicative fee 2016/17 £	Planned fee 2015/16 £	Actual fee 2014/15 £
Total Code audit fee	48,230	48,230	64,307
Certification of housing benefit subsidy claim	11,310	15,959	15,080
<b>Total</b>	<b>59,540</b>	<b>64,189</b>	<b>79,387</b>

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

### Billing

The indicative audit fee will be billed in 4 quarterly instalments of £14,885.

### **Audit plan**

Our 2016/17 plan is expected to be issued in March 2017. This will communicate any significant financial statement risks identified, planned audit procedures to respond to those risks and any changes in fee. It will also set out the significant 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 Director of Finance and Resources and, if necessary, prepare a report outlining the reasons for the fee change for discussion with the Audit and Governance Committee.

### **Audit team**

The key members of the audit team for the 2016/17 financial year are:

Kate Handy  
**Executive Director**

[KHandy@uk.ey.com](mailto:KHandy@uk.ey.com)

Tel: 07867 152471

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Martin Young  
**Assistant Manager**

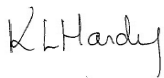
[MYoung1@uk.ey.com](mailto:MYoung1@uk.ey.com)

Tel: 07867 152513

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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



Kate Handy  
Executive Director  
For and on behalf of Ernst & Young LLP

cc. Andrew Wannell, Director of Finance and Resources  
Councillor Knight, Chair of the Audit and Governance Committee