

**Our reference** YO00110A

29 April 2009

Mr B McCarthy  
Chief Executive  
City of York Council  
Guildhall  
York

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commission.gov.uk

Dear Bill

## 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 City of York 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 £248,400 (exclusive of VAT) which compares to the planned fee of £241,055 for 2008/09. A summary of this is shown in the table below.

### Audit fee

<b>Audit area</b>	<b>Planned fee 2009/10 £</b>	<b>Planned fee 2008/09 £</b>
Financial statements	150,848	130,471
Use of Resources/VFM Conclusion	94,920	108,354
WGA	2,632	2,230
<b>Total audit fee</b>	<b>248,400</b>	<b>241,055</b>
Certification of claims and returns	43,520	49,000

The Audit Commission has published its work programme and scales of fees 2009/10. The scale fee for City of York Council is £248,400, which is the precise level of the audit fee for 2009/10.

In setting the fee at this level, I have assumed that the general level of risk in relation to the audit of the financial statements is not significantly different from that identified to 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 Resources 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:

<b>Risk</b>	<b>Planned work</b>	<b>Timing of work</b>
To address the risk of the needs of minority communities not being adequately addressed, bearing in mind the changing profile of the city's community and the relative affluence of many parts of the city.	We will carry out a case study approach to assess the way the Council and its partners have worked together to ensure equality of access to services, with a particular focus on the most disadvantaged areas of the city.	Autumn/Winter 2009
New ledger system is being introduced from 1 <sup>st</sup> April 2009	We will document and test the transactions in the ledger system (and corresponding debtors and creditors systems) to provide assurance to our opinion on the financial statements.	Autumn 2009

The council's Internal Audit is provided by a jointly owned company – Veritau – with effect from 1 <sup>st</sup> April 2009	We will review Veritau's work at the Council and assess their compliance with professional standards, and the extent to which they contribute to the Council's governance framework.	Autumn 2009
The council will need to continue its planning to implement International Financial Reporting Standards	We will review the council's progress through 2009/10 as it produces and implements a project plan.	Throughout 2009/10

I will issue a separate project specification for the Equality in Access to Services review before beginning the work.

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 audit are:

Audit Manager – Alastair Newall 01904 552007 or 0844 798 6646

Team Leader – Keith Illingworth 01904 552004 or 0844 798 7141

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 North East, Yorkshire and Humber Head of Operations, David Allsop ([d-allsop@audit-commission.gov.uk](mailto:d-allsop@audit-commission.gov.uk)).

Yours sincerely

John Prentice  
District Auditor

cc Ian Floyd, Director of Resources  
Roger Pierce, Chair of the Audit Committee

## Appendix 1: Planned outputs

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

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**Table 1**

<b>Planned output</b>	<b>Indicative date</b>
Audit plan	April 2009
Equality in Access to Services review	TBC
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
Annual audit letter	November 2010