

27 April 2011

Mr Paul Walker
Chief Executive
Copeland Borough Council
The Copeland Centre
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Whitehaven
CA28 7SJ

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Dear Paul

Annual audit fee 2011/12

I am writing to confirm the audit work that we propose to undertake for the 2011/12 financial year at Copeland Borough Council.

The fee reflects the risk-based approach to audit planning set out in the Code of Audit Practice and work mandated by the Audit Commission for 2011/12. The audit fee covers the:

- The audit of financial statements
- Value for money conclusion
- Whole of Government accounts.

As I have not yet completed my audit for 2010/11 the audit planning process for 2011/12, including the risk assessment, will continue as the year progresses.

Audit fee

The Audit Commission proposes to set the scale fee for each audited body for 2011/12, rather than providing a scale fee with fixed and variable elements. The scale fee reflects proposed decreases in the total audit fee, as follows:

- no inflationary increase in 2011/12 for audit fees and the hourly rates for certifying claims and returns;
- a cut in scale fees resulting from our new approach to local VFM audit work; and
- a cut in scale audit fees of 3 per cent for local authorities, police and fire and rescue authorities, reflecting lower continuing audit costs after implementing IFRS.

The scale fee for Copeland Borough Council is £117,760. The scale fee is based on the planned 2010/11 fee, adjusted for the proposals summarised above, shown in the table below.

	Scale fee 2011/12	Planned fee 2010/11
Audit fee	£117,760	£123,958

Variations from the scale fee will only occur where my assessments of audit risk and complexity are significantly different from those identified and reflected in the 2010/11 fee.

I will issue a separate audit plan in December 2011. This will detail the risks identified to both the financial statements audit and the VFM conclusion. The audit plan will set out the audit procedures I plan to undertake and any changes in fee. If I need to make any significant amendments to the audit fee, I will first discuss this with the Corporate Director – Resources and Transformation. I will then prepare a report outlining the reasons the fee needs to change for discussion with the Audit Committee.

I will issue reports over the course of the audit. I have listed these at Appendix 1.

The fee excludes work I may agree to undertake using the Audit Commission's advice and assistance powers. I will agree a detailed project specification and fee for any work separately.

Audit team

The key members of the audit team for 2011/12 are:

Name	Contact details	Responsibilities
Karen Murray District Auditor	k-murray@audit-commission.gov.uk 0844 798 7041	I am responsible for the overall delivery of the audit including the quality of outputs, liaison with the Chief Executive and Corporate Directors, and Chair of Audit Committee. I am also responsible for issuing the auditor's report.
Richard McGahon Audit Manager	r-mcgahon@audit-commission.gov.uk 0844 798 4760	Richard manages and coordinates the different elements of the audit work and is a key point of contact for the Corporate Director – Resources and Transformation.
Helen Hamilton Team Leader	h-hamilton@audit-commission.gov.uk 0844 798 4753	Helen is experienced in auditing the financial statements of a variety of local authorities and other public sector bodies. She will lead the on-site team in delivering the audit.

My audit team meets a high specification and will:

- understand Copeland Borough Council and your priorities so we can provide you with useful support;
- be readily accessible and responsive to your needs, but independent and challenging to deliver a rigorous audit;
- understand national developments and have a good knowledge of local circumstances; and
- communicate relevant information to you in a prompt, clear and concise manner.

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. Alternatively you may wish to contact Chris Westwood, Director of Professional Practice, Audit Practice, Audit Commission, 1st Floor, Millbank Tower, Millbank, London SW1P 4HQ (c-westwood@audit-commission.gov.uk)

Yours sincerely

Karen Murray
District Auditor

cc Jo Wagstaffe, Corporate Director – Resources and Transformation

cc Michael Bonner, Chair of the Audit Committee

Appendix 1- Planned outputs

We will discuss and agree our reports with officers before issuing them to the Audit Committee.

Table 1

Planned output	Indicative date
Audit plan	December 2011
Annual governance report	September 2012
Auditor's report giving the opinion on the financial statements and value for money conclusion	September 2012
Certification of the Whole of Government Accounts Return	September 2012
Final accounts memorandum (to the Corporate Director – Resources and Transformation)	October 2012
Annual audit letter	November 2012
Annual claims and returns report	February 2013