



SLOUGH BOROUGH COUNCIL

PLANNING LETTER 2017/18

18 April 2017



PROPOSED FEES

Scope of the audit

We are required to report to you our proposed fees and programme of work for the 2017/18 financial year.

Code audit fee

The Code audit fee is based on the work required under the Code of Audit Practice issued by the National Audit Office (NAO) and covers the audit of the financial statements and value for money conclusion.

Public Sector Audit Appointments Limited (PSAA) is responsible for setting the scale fees for local authorities and consulted on the proposed work programme and scale of fees in October 2016. The consultation closed in January 2017 and no changes have been made to the overall work programme or scale fees for 2017/18 compared to 2016/17. PSAA has the power to determine the fee above or below the scale fee where there has been a change that requires substantially more or less work than envisaged by the scale fee.

Certification of housing benefits subsidy claim

PSAA makes arrangements for certification of housing benefit subsidy claims. An indicative fee is set based on the latest actual certification fees available.

Audit related services

Audit related services are those non-audit services that are largely carried out by members of the engagement team where the work involved is closely related to the work performed in the audit and the threats to auditor independence are clearly insignificant and, as a consequence, safeguards need not be applied. In recent years, a number of grants and returns were included in the certification scale fee that are no longer mandated for review by PSAA, but still require certification by the auditor. These are covered by separate engagement letters with the Council.

Other non-audit services

Other non-audit services are those services not closely related to the work performed in the audit that could be provided by a number of firms. Auditors are prevented from undertaking such work if it would present a threat to independence for which no adequate safeguards are available. Independence concerns may arise due to the nature of the work or from the value of fees derived.

Fees

AUDIT AREA	PROPOSED 2017/18 (£)	SCALE 2017/18 (£)	PROPOSED 2016/17 (£)
Code audit fee	127,523	127,523	127,523
Housing benefits subsidy claim*	20,625	TBC	20,000
Total PSAA regime fees	148,148		147,523
Audit related services			
Pooling of housing capital receipts return	1,800	N/A	1,800
Teachers' pensions return	3,535	N/A	3,535
Other non-audit services			
None	-	N/A	-
Total fees	153,483		152,858

*We previously proposed a fee of £9,950 for our certification of the housing benefits subsidy claim for the year ended 31 March 2016, on the basis that the detailed testing would be carried out by a benefits specialist commissioned by the Council. Due to issues identified in the audit, additional fees of £10,050 were agreed with management. This additional fee is subject to approval by PSAA.

**Following discussions with management we understand that we will be carrying out the detailed testing for the certification of the housing benefits subsidy claim for the year ended 31 March 2017. We have therefore increased the proposed fee to £20,625.

PROPOSED FEES

Amendments to the proposed fees

If we need to propose any amendments to the fees during the course of the audit, where our assessment of risk and complexity are significantly different from those reflected in the proposed fee or where we are required to carry out work in exercising our additional powers and duties, we will first discuss this with the Assistant Director of Finance and Audit. Where this requires a variation to the scale fee we will seek approval from PSAA. If necessary, we will also prepare a report outlining the reasons why the fee needs to change for discussion with the Audit and Corporate Governance Committee. At this stage, nothing has come to our attention that would require us to seek approval to amend the scale fee.

Billing arrangements

We will raise invoices for the Code audit fee on a quarterly basis, at £31,880.75 per quarter, from June 2017. Following our firm's standard terms of business, full payment will be due within 14 days of receipt of invoice. Fee invoices for other services will be raised as the work is completed.

AUDIT ARRANGEMENTS

Planned outputs

We plan to issue the following reports and opinions over the course of the 2017/18 audit:

REPORT	DATE
Audit plan	January 2018
Report on any significant deficiencies in internal controls	March 2018
Audit completion report	July 2018
Independent auditor's report including: <ul style="list-style-type: none"> Opinion on the financial statements Use of resources conclusion Certificate of audit closure 	July 2018
Whole of Government Accounts assurance statement and report to the NAO	August 2018
Annual audit letter	September 2018
Grant claims and returns certification report	January 2019

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 Janine in the first instance. Alternatively, you may wish to contact our Managing Partner, Paul Eagland. 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 PSAA complaints handling procedure is detailed on their website <http://www.psa.co.uk/about-us/contact-us/complaints/>.

Audit team

The key members of the audit team will be:

Engagement Lead - Janine Combrinck

Email: janine.combrinck@bdo.co.uk

Tel: 020 7893 2631

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

Project Manager - Nick Bernstein

Email: nick.bernstein@bdo.co.uk

Tel: 0207 486 5888

Nick will manage and co-ordinate each aspect of the audit.

Supervisor - Michael Asare Bediako

Email: michael.asarebediako@bdo.co.uk

020 7893 3643

Michael will lead the delivery of the financial statements audit and be the key contact with the finance team.

Audit appointments for 2018/19 and beyond

Our current contract negotiated by the Audit Commission in April 2014 will end after the 2017/18 audit.

PSAA has been specified as an appointing person under the provisions of the Local Audit and Accountability Act 2014 and regulation 3 of the Local Audit (Appointing Person) Regulations 2015. For external audits from 2018/19, PSAA will appoint an auditor to relevant principal local government authorities that have opted into its national scheme.

Those authorities that have not opted into this national scheme are required to make local appointments for external audit services for 2018/19 and beyond, in accordance with the Local Audit and Accountability Act 2014.

Audit appointments for 2018/19 must be made by 31 December 2017.

The matters raised in our report prepared in connection with the audit are those we believe should be brought to the attention of the organisation. They do not purport to be a complete record of all matters arising. No responsibility to any third party is accepted.

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