

**Our reference** LO12612A-Fee

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— Dear Moira

## **Annual Audit Fee 2011/12**

I write to confirm the audit work that I propose to undertake for the 2011/12 financial year at the North London Waste Authority. The fee reflects the risk-based approach to audit planning set out in the Code of Audit Practice and work mandated by the Commission for 2011/12. The audit fee covers the:

- audit of financial statements;
- value for money conclusion; and
- whole of government accounts.

### **Audit fee**

The Audit Commission proposes specifying a scale fee for each audited body for 2011/12, rather than providing a scale fee with fixed and variable parts, as it has in previous years. The specified fee reflects proposed decreases in the total audit fee, as follows:

- no inflationary increase in 2011/12 for audit and inspection scales of fees and the hourly rates for certifying claims and returns;
- a cut in fees resulting from the new approach to local value for money audit work; and
- a cut in fees of 3 per cent reflecting lower continuing audit costs after moving to International Financial Reporting Standards.

The specified scale fee for North London Waste Authority is £30,450. The Audit Commission based the fee on the planned 2010/11 fee, adjusted for the proposals summarised above. The Audit Commission has directed that 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.

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

I will issue a separate audit plan in March 2012. This will detail the risks identified to both the financial statements audit and the value for money 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 Financial Adviser. I will then prepare a report outlining the reasons the fee needs to change for discussion with the Authority.

I will issue several reports over the course of the audit. I will discuss and agree these with officers before issue to the Authority. I have listed these below

<b>Planned report</b>	<b>Planned Authority meeting</b>
Opinion audit plan	February 2012
Annual governance report	September 2012
Auditor's report giving the opinion on the financial statements and value for money conclusion	September 2012
Annual audit letter	December 2012

The fee excludes work the Commission may agree to undertake using its advice and assistance powers. We will negotiate each piece of work separately and agree a detailed project specification.

### **Audit team**

Your audit team must meet high specifications and must:

- understand you, your priorities and provide you with fresh, innovative and 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 have kept the same audit team who completed the audit at North London Waste Authority in 2009/10 and 2010/11. The key members of this team are:

Name	Contact details	Responsibilities
Martin Searle Engagement Lead	<a href="mailto:m-searle@audit-commission.gov.uk">m-searle@audit-commission.gov.uk</a> 0844 798 2678	I am responsible for the overall delivery of the audit including the quality of reports. Also for liaison with the Clerk, Financial Adviser and Chair and issuing the auditor's report.
Rich Clarke Audit Manager	<a href="mailto:rd-clarke@audit-commission.gov.uk">rd-clarke@audit-commission.gov.uk</a> 0844 798 2615	Rich manages and coordinates the different elements of the audit work. Key point of contact for the Head of Finance.

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](mailto:c-westwood@audit-commission.gov.uk)).

Yours sincerely

Martin Searle  
*Engagement Lead*

**cc** Mike O'Donnell: Financial Adviser, North London Waste Authority  
David Beadle: Managing Director, North London Waste Authority  
Bob Bench: Head of Finance, North London Waste Authority  
Cllr Clyde Loakes: Chair, North London Waste Authority  
Rich Clarke: Audit Manager, Audit Commission