

4 March 2011

Mr Tim Wheadon
Chief Executive
Bracknell Forest Council
Easthampstead House
Town Square
Bracknell
Berkshire RG12 1AQ

Direct line 0844 798 5839

— Dear Tim

Annual audit fee 2011/12

I am writing to outline the audit work that we propose to undertake for the 2011/12 financial year at Bracknell Forest Council. 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:

- 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 a proposed 10% decrease 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 scale fees of 7% resulting from our new approach to local VFM audit work; and
- a cut in scale fees of 3% reflecting lower continuing audit costs after implementing IFRS.

The scale fee for Bracknell Forest Council is £230,940. The scale fee is based on the planned 2010/11 fee, adjusted for the proposals summarised above. Variations from the scale fee may be required where my assessments of audit risk and complexity are significantly different from those identified and reflected in the 2010/11 fee.

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In addition to my statutory external audit I am required to certify claims and returns. My estimate of the audit and certification fees are summarised below.

Audit area	Fee estimate 2011/12	Fee estimate 2010/11
Statutory audit fee	£230,940	£256,600
Certification of claims and returns	£60,000	£74,000

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 Borough Treasurer. I will then prepare a report outlining the reasons the fee needs to change for discussion with the Governance and Audit Committee.

I propose to review your Medium Term Financial Strategy to support the VFM conclusion. I will issue a detailed project plan before work begins. I will issue several reports over the course of the audit. I have listed these at Appendix 1.

The fee excludes any assurance or advisory work which you may invite me to perform under the Commissions advice and assistance powers. Such work is discretionary and therefore I will negotiate each assignment separately and agree a detailed project specification.

Audit team

Your external 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.

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

Name	Contact details	Responsibilities
Phil Sharman Engagement Lead	p-sharman@audit-commission.gov.uk 0844 798 5839	Phil is responsible for the overall delivery of the audit including the quality of outputs, liaison with the Chief Executive and Chair of Governance and Audit Committee and issuing the auditor's report.

Name	Contact details	Responsibilities
Catherine Morganti Engagement Manager	c-morganti@audit-commission.gov.uk 0844 798 4667	Catherine manages and coordinates the different elements of the audit work. Key point of contact for the Borough Treasurer.
Rachel Cobley Team Leader	r-cobley@audit-commission.gov.uk 0844 798 1793	Rachel has experience of auditing the financial statements of large local authorities. She will lead the on-site team in delivering the audit.

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

Phil Sharman
District Auditor

cc Chris Herbert - Borough Treasurer

cc Cllr Alan Ward - Chair of the Governance and Audit Committee

Appendix 1- Planned outputs

We will discuss and agree our reports with officers before issuing them to the Governance and 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
Final accounts memorandum (to the Borough Treasurer)	October 2012
Annual audit letter	November 2012
Annual claims and returns report	February 2013