

John Henderson
Chief Executive
Staffordshire County Council
County Buildings
PO Box 11
Martin Street
Stafford
ST16 2LR

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Ref: SCC/SPF 201819

Direct line: 07342 021990

Email: jburgess3@uk.ey.com

Dear John

Annual Audit fees 2018/19

I am writing to confirm the audit that we propose to undertake for the 2018/19 financial year at Staffordshire County Council and the Staffordshire Pension Fund (SPF).

As you may recall from 2018/19 you were required to make your own arrangements for local auditor appointment under the Local Audit and Accountability Act 2014 for the audit of the accounts. You opted into the national scheme managed by Public Sector Audit Appointments Ltd (PSAA). We were pleased that PSAA confirmed our appointment as your auditor for the duration of the five-year appointing period, covering the audits of the accounts for 2018/19 to 2022/23.

Indicative audit fee

For the 2018/19 financial year, PSAA has set the scale fee for each audited body that have opted into its national auditor appointment scheme. Following consultation on its Work Programme and Scale of Fees, PSAA has reduced the 2018/19 scale audit fee for all opted-in bodies by 23 per cent from the fees applicable for 2017/18.

The fee reflects the risk-based approach to audit planning set out in the National Audit Office's Code of Audit Practice for the audit of local public bodies.

The audit fee covers the:

- Audit of the financial statements
- Value for money conclusion (n/a for the SPF)
- Whole of Government accounts (n/a for the SPF).

For Staffordshire County Council and the Pension Fund we have set our indicative fee at the PSAA scale fee level, assuming:

- The overall level of risk in relation to the audit of the financial statements is not significantly different from that of the prior year;
- Your officers meet the agreed timetable of deliverables;
- You operate effective arrangements of internal control;
- Our accounts opinion and value for money conclusion being unqualified;
- You provide appropriate quality of documentation;
- You operate an effective control environment; and
- You provide prompt responses to our queries and our draft reports.

Meeting these assumptions will help ensure the delivery of our audit at the indicative audit fee which is set out in the table below.

As we have not yet completed our audit for 2017/18, our audit planning process for 2018/19 will continue as the year progresses. Fees will be reviewed and updated as necessary, within the parameters of our contract.

Summary of fees

	Indicative fee 2018/19 £	Planned fee 2017/18 £	Actual fee 2016/17 £
Total Code audit fee Staffordshire Council	84,511	** 109,755	* 122,067
Total Code audit fee Staffordshire PF	22,050	28,637	28,637
IAS19 assurances fee	TBC	TBC	* 5,500
Non audit work:	N/A	N/A	N/A

* The fee for 2016/17 includes a scale fee variation to reflect additional audit work we were required to undertake. This has been agreed by management and is awaiting approval by PSAA.

** We have discussed with management an increase in the fee for 2017/18 to reflect additional code work to address significant audit risks. The final fee will be subject to approval by PSAA.

Billing

The indicative audit fee will be billed in 4 quarterly instalments of £21,128 for the Council and £5,513 for the Pension Fund.

Audit plan

We expect to issue our plan by March 2019. This will communicate any significant financial statement risks identified, planned audit procedures to respond to those risks and any changes in fee. It will also set out the significant risks identified in relation to the value for money conclusion. Should we need to make any significant amendments to the audit fee during the course of the audit, we will discuss this in the first instance with the Director of Finance & Resources and, if necessary, prepare a report outlining the reasons for the fee change for discussion with the Audit and Standards Committee.

We are committed to providing you with a high quality service. If at any time you would like to discuss with us how our service to you could be improved, or if you are dissatisfied with the service you are receiving, please contact me. If you prefer an alternative route, please contact Steve Varley, our Managing Partner, 1 More London Place, London, SE1 2AF. We undertake to look into any complaint carefully and promptly and to do all we can to explain the position to you. Should you remain dissatisfied with any aspect of our service, you may of course take matters up with our professional institute.

Yours sincerely



Stephen Clark
Partner

For and on behalf of Ernst & Young LLP

cc. Andrew Burns, Director of Finance & Resources
Martyn Tittley, Chair of Audit and Standards Committee