

Ms Karen Satterford
Chief Executive
Wycombe District Council
15 Queen Victoria Road
High Wycombe
HP11 1BB

30 April 2019

Ref: Fee Letter/19-20

Direct line: 01189 281167

Email: abrittain@uk.ey.com

Dear Karen

Annual Audit 2019/20

We are writing to confirm the audit that we propose to undertake for the 2019/20 financial year at Wycombe District Council.

From 2018/19, local government and police bodies have been responsible for making their own arrangements for the audit of the accounts and reporting on the housing benefit subsidy claim.

The Secretary of State for Housing, Communities and Local Government has specified Public Sector Audit Appointments (PSAA) as an appointing person under provisions of the Local Audit and Accountability Act 2014. PSAA has appointed auditors for bodies that opted into the national scheme. Appointments were made for the duration of the five-year appointing period, covering the audits of the accounts for 2018/19 to 2022/23.

The appointment of an auditor to report on the Council's housing benefit subsidy claim is no longer covered by the PSAA appointment.

Indicative audit fee

For the 2019/20 financial year, PSAA has set the scale fee for each opted in body. Following consultation on its Work Programme and Scale of Fees, PSAA has maintained scale audit fees at the same level as for 2018/19, unless there are specific circumstances which require otherwise.

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; and
- Whole of Government accounts.

Our final fee will include the impact of additional risks and/or circumstances that are out of the scope of the scale fee, for example:

- additional work performed on asset valuations, including the involvement of our valuation specialists;
- additional work performed on the valuation of the net pension liability, including the involvement of our pension specialists; and
- additional work arising from the implementation of IFRS 16 Leases.

At this stage, the indicative fee is set at the scale fee.

This indicative fee is based on certain assumptions, including:

- the overall level of risk in relation to the audit of the financial statements is not significantly different from that of the prior year;
- officers meet the agreed timetable of deliverables;
- our accounts opinion and value for money conclusion are unqualified;
- appropriate quality of documentation is provided by officers;
- there is an effective control environment; and
- prompt responses are provided to 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 2018/19, our audit planning process for 2019/20 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 2019/20 £ | Planned fee 2018/19 £ | Actual fee 2017/18 £ |
|--|--------------------------------|-----------------------------|----------------------------|
| Scale Fee | 47,691 | 47,691 | 61,936 |
| Total Code audit fee | 47,691 | 47,691 | 61,936 |
| Other fees charged by us e.g. reporting on Housing Benefit claim | TBC | 10,543 | 16,833 |

NB the proposed 2018/19 Housing Benefit claim fee is the base fee for certifying the claim and does not include any extended testing that may be required.

Any additional work that we may agree to undertake (outside the Code of Audit Practice) will be separately negotiated and agreed with you in advance. All variations to the scale fee will be subject to PSAA approval.

Billing

The scale fee will be billed in 4 quarterly instalments of £11,922.75.

Audit plan

Our plan is expected to be issued in January 2020. This will communicate any significant financial statement and value for money risks identified, planned audit procedures to respond to those risks and the estimated fee implications of these additional procedures. 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 Interim Chief Financial Officer and communicate the revised fee and the matters giving rise to any adjustments to the scale fee in our Audit Results Report which we will present to the Audit Committee.

For a high level overview of our approach and further information on how we intend to work with you under the PSAA contract, please refer to our leaflet 'EY working with you' which is enclosed.

We remain 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, or Janet Dawson as our Government and Public Sector Assurance Leader at jdawson1@uk.ey.com. If you prefer an alternative route, please contact Steve Varley, our Managing Partner, by writing to him at 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



Andrew Brittain
Associate Partner
For and on behalf of Ernst & Young LLP

cc. David Skinner, Head of Finance and Commercial
Councillor Mike Appleyard, Chairman of the Audit Committee