

Graham Burgess
Chief Executive
Wirral Council
Wallasey Town Hall
Brighton Street
Wallasey
Wirral
CH44 8ED

Grant Thornton UK LLP
Royal Liver Building
Liverpool
L3 1PS
T +44 (0)151 224 7200
www.grant-thornton.co.uk

14 November 2012

Dear Graham

Planned audit fee for 2012/13

We are delighted to have been appointed by the Audit Commission as auditors to the Council and look forward to providing you with a high quality external audit service for at least the next five years. We look forward to developing our relationship with you over the coming months, ensuring that you receive the quality of external audit you expect and have access to a broad range of specialist skills where you would like our support.

The Audit Commission has set its proposed work programme and scales of fees for 2012/13. In this letter we set out details of the audit fee for the Council along with the scope and timing of our work and details of our team.

Scale fee

The Audit Commission defines the scale audit fee as “the fee required by auditors to carry out the work necessary to meet their statutory responsibilities in accordance with the Code of Audit Practice. It represents the best estimate of the fee required to complete an audit where the audited body has no significant audit risks and it has in place a sound control environment that ensures the auditor is provided with complete and materially accurate financial statements with supporting working papers within agreed timeframes.”

For 2012/13, the Commission has independently set the scale fee for all bodies. The Council's scale fee for 2012/13 is £211,680 which compares to the scale fee for 2011/12 (excluding rebates directly from the Audit Commission) of £352,800, a reduction of 40%.

Further details of the work programme and individual scale fees for all audited bodies are set out on the Audit Commission's website at: www.audit-commission.gov.uk/scaleoffees1213.

The audit planning process for 2012/13, including the risk assessment, will continue as the year progresses and fees will be reviewed and updated as necessary as our work progresses.

Scope of the audit fee

Our fee is based on the risk based approach to audit planning as set out in the Code of Audit Practice and work mandated by the Audit Commission for 2012/13. It covers:

- our audit of your financial statements
- our work to reach a conclusion on the economy, efficiency and effectiveness in your use of resources (the value for money conclusion)
- our work on your whole of government accounts return.

Value for money conclusion

Under the Audit Commission Act, we must be satisfied that the Council has adequate arrangements in place to secure economy, efficiency and effectiveness in its use of resources, focusing on the arrangements for:

- securing financial resilience; and
- prioritising resources within tighter budgets.

We undertake a risk assessment to identify any significant risks which we will need to address before reaching our value for money (VFM) conclusion. We will assess the Council's financial resilience as part of our work on the VFM conclusion and a separate report of our findings will be provided.

Our initial planning noted that the previous auditor issued a report in the public interest under section 8 of the Audit Commission Act 1998 on the subject of weaknesses in the Highways Engineering Services Contract and the Council's corporate governance arrangements; an 'adverse' qualified value for money conclusion; and a report by exception on aspects of the Council's arrangements for achieving value for money.

We note also the work the Council is undertaking to address the weaknesses identified and in particular the work of the Improvement Board. We will consider these arrangements and assess the impact on our work as part of our detailed planning. If any additional work is needed this will be discussed and agreed with you in advance.

Certification of grant claims and returns

The Audit Commission has replaced the previous schedule of hourly rates for certification work with a composite indicative fee. This composite fee, which is set by the Audit Commission, is based on actual 2010/11 fees adjusted to reflect a reduction in the number of schemes which require auditor certification and incorporating a 40% fee reduction. The composite indicative fee grant certification for the Council is £42,600.

Pension Fund audit

The Audit Commission has established a scale of fees for pension fund audits based on a fixed element with uplift based on the percentage of net assets. The scale fee for the audit of the pension fund is £36,882 which compares to the scale fee for 2011/12 of £ 59,181, a reduction of 38%. Our initial planning has noted a number of key changes to your systems (Access to Altair), your banking arrangements and to your custodian. We will consider these arrangements and assess the impact on our work as part of our detailed planning. If any additional work is needed this will be discussed and agreed with you in advance. Our work on the pension fund will be undertaken by our specialist pension fund audit team, led by Caroline Davies.

Billing schedule

Our fees are billed quarterly in advance. Given the timing of our appointment we will raise a bill for two quarters in December 2012 with normal quarterly billing thereafter. Our fees will be billed as follows:

Main Audit fee	£
December 2012	105,840
January 2013	52,920
March 2013	52,920
Grant Certification	
June 2013	42,600
Total	254,280
Pension Fund audit	
September 2013	36,882

Outline audit timetable

We will undertake our audit planning and interim audit procedures in November 2012 to March 2013. Upon completion of this phase of our work we will issue our detailed audit plan setting out our findings and details of our audit approach. Our final accounts audit and work on the VFM conclusion will be completed in June to September 2013 and work on the whole of government accounts return in September 2013.

Phase of work	Timing	Outputs	Comments
Wirral Council			
Audit planning and interim audit	November 2012 to March 2013	Audit plan	The plan summarises the findings of our audit planning and our approach to the audit of the Council's accounts and VFM.
Final accounts audit	June to September 2013	Report to those charged with governance. Opinion on the financial statements.	This report will set out the findings of our accounts audit and VFM work for the consideration of those charged with governance.
VFM conclusion	January to September 2013	Report to those charged with governance. Value for money conclusion.	As above
Financial resilience	January to September 2013	Financial resilience report	Report summarising the outcome of our work.

Whole of government accounts	September 2013	Opinion on the WGA return	This work will be completed alongside the accounts audit.
Annual audit letter	October 2013	Annual audit letter to the Council	The letter will summarise the findings of all aspects of our work.
Grant certification	June to December 2013	Grant certification report	A report summarising the findings of our grant certification work

Merseyside Pension Fund

Audit planning and interim audit	November 2012 to March 2013	Audit plan	The plan summarises the findings of our audit planning and our approach to the audit of the Pension Fund's accounts
Final accounts audit	June to September 2013	Report to those charged with governance. Opinion on the Pension Fund statements.	This report will set out the findings of our accounts audit work for the consideration of those charged with governance

Our team

The key members of the audit team for 2012/13 remain unchanged:

	Name	Phone Number	E-mail
Engagement Lead	Michael Thomas	07880 456 173	mike.thomas@uk.gt.com
Engagement Manager	Liz Temple-Murray	07880 456 171	liz.m.temple.murray@uk.gt.com
Pensions Audit Manager	Caroline Davies	07880 456 162	caroline.davies@uk.gt.com
Audit Executive	Richard Tyler	0151 224 7200	richard.c.tyler@uk.gt.com

Additional work

The scale fee excludes any work requested by the Council that we may agree to undertake outside of our Code audit. Each additional piece of work will be separately agreed and a detailed project specification and fee agreed with the Council.

Quality assurance

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 me in the first instance. Alternatively you may wish to contact Sarah Howard, our Head of Public Sector Assurance at sarah.howard@uk.gt.com.

Yours sincerely

Michael Thomas
For Grant Thornton UK LLP

Cc: Peter Timmins, Interim Director of Finance, Wirral Council