

Mr D Scholes  
Chief Executive  
North Hertfordshire District Council  
Council Offices  
Gernon Road  
Letchworth  
Herts  
SG6 3JF

4 April 2016

Ref: fee letter/nhdc/dh

Email: DHanson@uk.ey.com

Dear David

## **Annual Audit and Certification Fees 2016/17**

We are writing to confirm the audit and certification work that we propose to undertake for the 2016/17 financial year at North Hertfordshire District Council.

### **Indicative audit fee**

For the 2016/17 financial year Public Sector Audit Appointments Ltd (PSAA) has set the scale fee for each audited body, following consultation on its Work Programme and Scale of Fees.

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
- Whole of Government accounts.

For North Hertfordshire District Council our indicative fee is set at the scale fee level. 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 meeting the agreed timetable of deliverables;
- Our accounts opinion and value for money conclusion being unqualified;
- Appropriate quality of documentation is provided by the Council;
- 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 2015/16, our audit planning process for 2016/17 will continue as the year progresses. Fees will be reviewed and updated as necessary, within the parameters of our contract.

### **Certification fee**

The PSAA has set an indicative certification fee for housing benefit subsidy claim certification work for each audited benefits authority. The indicative fee is based on actual 2014/15 benefit certification fees, and incorporating a 25 per cent reduction.

The indicative certification fee is based on the expectation that an audited body is able to provide the auditor with complete and materially accurate housing benefit subsidy claim with supporting working papers, within agreed timeframes.

The indicative certification fee for 2016/17 relates to work on the housing benefit subsidy claim for the year ended 31 March 2017. We have set the certification fee at the indicative fee level. We will update our risk assessment after we complete 2015/16 benefit certification work, and to reflect any further changes in the certification arrangements.

### **Summary of fees**

	Indicative fee 2016/17 £	Planned fee 2015/16 £
Total Code audit fee	52,037	52,037
Certification of housing subsidy benefit claim	5,648	7,524

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

### **Billing**

The indicative audit fee will be billed in 4 quarterly instalments of £14,421.25.

### **Audit plan**

Our plan is expected to be issued in March 2017. 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 Authority's Treasurer and, if necessary, prepare a report outlining the reasons for the fee change for discussion with the Finance, Audit and Risk Committee.

**Audit team**

The key members of the audit team for the 2016/17 financial year are:

Debbie Hanson  
**Director**

DHanson@uk.ey.com

Tel: 07974 006715

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Kay Storey  
**Manager**

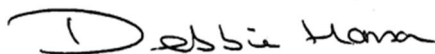
KStorey@uk.ey.com

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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 faithfully



Debbie Hanson  
Director  
For and on behalf of Ernst & Young LLP

cc. Ms N Atlay, Strategic Director of Finance, Policy and Governance  
Councillor Weeks, Chair of the Finance, Audit and Risk Committee