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15 October 2012

Dear Julie

Planned audit fee for 2012/13

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 £272,700, which compares to the scale fee of £454,500 for 2011/12, a reduction of 40%. The total audit fee for 2011/12 was £486,500 which includes £32,000 additional fees charged for delays experienced in completing the audit.

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.

The fee will be subject to continuous review and may be revised if significant new audit risks are identified during the audit or if we are unable to progress as planned due to the timing or quality of information provided by the Council or issues from 2011/12 audit are not addressed. In the event that we consider it necessary to revise the Council's audit fee upwards, we will discuss this with you.

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 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 planning to date has not identified any additional work which we are required to undertake to support our VFM conclusion. We will continue to assess the Council's arrangements and discuss any additional work required during the year.

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 £52,950.

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 £21,000. Our work on the pension fund will be undertaken in July 2013 by our specialist pension fund audit team, led by Subarna Banerjee.

Billing schedule

Fees will be billed as follows:

Main Audit fee	£
September 2012	68,175
December 2012	68,175
January 2013	68,175
March 2013	68,175
Grant Certification	
June 2013	52,950
Total	325,650
Pension Fund audit	
September 2013	21,000

Outline audit timetable

We will undertake our audit planning and interim audit procedures in 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 September 2013 and work on the whole of government accounts return in September 2013.

Phase of work	Timing	Outputs	Comments
Audit planning and interim audit	March 2013	Accounts Audit Memorandum (AAM)	The AAM 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 Sept 2013	Report to those charged with governance	This report will set out the findings of our accounts audit and VFM work for the consideration of those charged with governance.
VFM conclusion	Jan to Sept 2013	Report to those charged with governance	As above
Financial resilience	Jan to Sept 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

Our team

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

	Name	Phone Number	E-mail
Engagement Lead	Paul Dossett	0207 728 3180	paul.dossett@uk.gt.com
Engagement Manager	Liz Sanford	0122 322 5506	Liz.sanford@uk.gt.com
Accounts Manager	Hanisha Solanki	0207 728 2072	hanisha.solanki@uk.gt.com
Audit Executive	Richard Bennett	0207 728 3241	Richard.s.bennett@uk.gt.com

Advisory Lead	Guy Clifton	0207 728 2903	Guy.clifton@uk.gt.com
Pensions Audit Director	Subarna Banarjee	0190 835 9647	subarna.banarjee@uk.gt.com
Pensions Audit Manager	Mitesh Tanna	0190 835 9585	mitesh.tanna@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 (sarah.howard@uk.gt.com).

Yours sincerely



Paul Dossett
Engagement Partner
For Grant Thornton UK LLP