

Our reference TC/Rivermead

1 April 2011

Mr Pete Moore
Corporate Director of Resources and Community Safety
Lincolnshire County Council
County Offices
Newland
Lincoln
Lincs
LN1 1YL

Direct line 0844 798 4098
Mobile 07966 184819
Email t-crawley@audit-
commission.gov.uk

Dear Pete

Annual audit fee 2011/12

I am writing to confirm the audit work that we propose to undertake for the 2011/12 financial year at Lincolnshire County Council. The work reflects the requirements of the Code of Audit Practice and work mandated by the Commission for 2011/12 and covers the:

- Financial statements audit;
- Value for money conclusion; and
- Whole of Government accounts.

Audit fee

The Audit Commission has set a specific scale fee for each audited body for 2011/12, rather than providing a scale fee with fixed and variable elements. The scale fee reflects proposed decreases in the total audit fee, as follows:

- no inflationary increase in 2011/12 for audit and inspection scales of fees and the hourly rates for certifying claims and returns;
- a cut in scale fees resulting from our new approach to local VFM audit work; and
- a cut in scale audit fees of 3 per cent for local authorities, police and fire and rescue authorities, reflecting lower continuing audit costs after implementing IFRS.

The scale fee for Lincolnshire County Council is £238,500. The scale fee is based on the planned 2010/11 fee, adjusted for the proposals summarised above and results in an overall reduction of 10%.

Audit area	Scale fee 2011/12	Planned fee 2010/11
Audit fee	£238,500	£265,000
Certification of claims and returns	£16,000	£16,000

As I have not yet completed my audit for 2010/11 the audit planning process for 2011/12, including the risk assessment, will continue as the year progresses. I expect to issue a separate audit opinion plan in December 2011 which will detail the risks identified to both the financial statements audit and the vfm conclusion. The audit plan will set out the audit procedures I plan to undertake and any changes in fee. If I need to make any significant amendments to the audit fee, I will first discuss this with the Corporate Director of Resources. I will then prepare a report outlining the reasons the fee needs to change for discussion with the Audit Committee.

I will issue several reports over the course of the audit. I have listed these at Appendix 1.

The fee excludes work the Commission may agree to undertake using its advice and assistance powers. We will negotiate each piece of work separately and agree a detailed project specification.

Audit team

Your audit team must meet high specifications and must:

- understand you, your priorities and provide you with fresh, innovative and useful support;
- be readily accessible and responsive to your needs, but independent and challenging to deliver a rigorous audit;
- understand national developments and have a good knowledge of local circumstances; and
- communicate relevant information to you in a prompt, clear and concise manner.

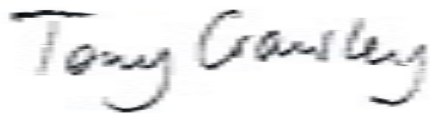
The key members of the audit team for 2011/12 are:

Name	Contact details	Responsibilities
Tony Crawley Engagement Lead	t-crawley@audit-commission.gov.uk 0844 798 4098	Responsible for the overall delivery of the audit including the quality of outputs, liaison with the Director of Resources and Chair of the Audit Committee and issuing the auditor's report.
Mike Wood	m-wood@audit-	Manages and coordinates

Audit Manager	commission.gov.uk 07946 592339	the different elements of the audit work. Key point of contact for the Finance team.
Louise Stables Team Leader	l-stables@audit-commission.gov.uk 07815 879561	Has experience of auditing the financial statements of local authorities. Will lead the on-site team in delivering the audit.

I am 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. Alternatively you may wish to contact Chris Westwood, Director of Professional Practice, Audit Practice, Audit Commission, 1st Floor, Millbank Tower, Millbank, London SW1P 4HQ (c-westwood@audit-commission.gov.uk)

Yours sincerely



Tony Crawley
District Auditor

cc Chair of the Audit Committee

Appendix 1: Planned outputs

Our reports will be discussed and agreed with the appropriate officers before being issued to the audit committee.

Planned output	Indicative date
Opinion audit plan	December 2011
Annual governance report	September 2012
Auditor's report giving the opinion on the financial statements and value for money conclusion	September 2012
Final accounts memorandum (to the Director of Resources)	October 2012
Annual audit letter	November 2012