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24 April 2018

Ref:

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Dear Stephen

Annual Audit 2018/19

We are writing to confirm the audit that we propose to undertake for the 2018/19 financial year at Waveney District Council.

From 2018/19, new arrangements for local auditor appointment set out in the Local Audit and Accountability Act 2014 apply for principal local government and police bodies. These audited bodies are responsible for making their own arrangements for the audit of the accounts and certification of the housing benefit subsidy claim. Public Sector Audit Appointments Ltd (PSAA) has appointed auditors for bodies that have 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. Appointments for all bodies that had opted into the appointing person scheme before 9 March 2017 were confirmed, following consultation, in December 2017.

Indicative audit fee

For the 2018/19 financial year, PSAA has set the scale fee for each audited body that have opted into its national auditor appointment scheme. Following consultation on its Work Programme and Scale of Fees, PSAA has reduced the 2018/19 scale audit fee for all opted-in bodies by 23 per cent from the fees applicable for 2017/18.

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 Waveney 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 Waveney District 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 2017/18, our audit planning process for 2018/19 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 2018/19 £	Planned fee 2017/18 £	Actual fee 2016/17 £
Total Code audit fee (Note 1)	41,406	53,774	54,782
Certification of housing benefit subsidy claim (Note 2)	N/a	11,015	24,070
Non audit work	To be confirmed	To be confirmed	3,000
Reasonable assurance of the Pooling of Housing Capital Receipts Return (Note 3)			

The appointment of an auditor to certify the Council's 2018/19 housing benefit subsidy claim is not covered by the PSAA appointment, hence is shown as not applicable here.

Note 1: The actual 2016/17 Code audit fee includes a scale fee variation of £1,006. The PSAA scale fee was £53,774

Note 2: The 2016/17 actual fee for the certification of the housing benefit subsidy claim includes a scale fee variation of £7,330 which is yet to be approved by PSAA. The PSAA scale fee was £16,740.

Note 3: We expect to perform agreed upon procedures on the Council's pooling of housing capital receipts return. We will confirm the final fees for our work in respect of the pooling of housing capital receipts return, if appointed, in our grant certification report which we will issue to the Audit and Governance Committee before the end of January 2019.

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

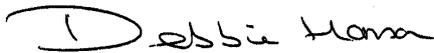
The indicative audit fee will be billed in 4 quarterly instalments of £10,351

Audit plan

Our Audit Plan is expected to be issued in December 2018. 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 Chief Finance Officer and, if necessary, prepare a report outlining the reasons for the fee change for discussion with the Audit and Governance Committee.

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 as your Engagement Lead. 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 sincerely,



Debbie Hanson
Associate Partner
For and on behalf of Ernst & Young LLP

cc. Homira Javadi, Chief Finance Officer
Simon Woods, Chair of the Audit and Governance Committee