



To Jenny Marriott

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RECEIVED 30 APR 2013

Mr R Partington
Managing Director
Telford & Wrekin Council
Addenbrooke House
Ironmaster Way
Telford Centre
TF3 4NT

Our ref TWC/1314/FeeLetter

26 April 2013

Dear Richard

Annual audit fee 2013/14

I am writing to confirm the audit work and fee that we propose for the 2013/14 financial year at Telford & Wrekin Council. Our proposals are 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.

As we have not yet completed our audit for 2012/13, the audit planning process for 2013/14, including the risk assessment, will continue as the year progresses and fees will be reviewed and updated as necessary. We will naturally keep you informed.

The proposed indicative audit and certification fees for 2013/14 are shown below. All fees are subject to VAT.

Audit area	Planned fee 2013/14	Planned fee 2012/13
Code of Audit Practice audit fee	155,088	155,088
Certification of grant claims & returns	13,586	16,850
Total	168,674	171,938

The audit fee is unchanged from the planned fee for 2012/13 and is in line with the scale fee recommended by the Audit Commission.

The Audit Commission has calculated the composite indicative fee for the certification of grant claims and returns. This based on the Council requiring specific grants claims and returns to be certified. I will write to you later this year with more details on our certification work.

The indicative fees are based on a number of assumptions, including that you will provide us with complete and materially accurate financial statements, with good quality supporting working papers, within agreed timeframes. It is imperative that you achieve this. If this is not

the case and we have to complete more work than was envisaged, we will need to charge additional fees for this work. Our assumptions are set out in more detail in Appendix 1 to this letter.

In setting the fee at this level, I have assumed that the general level of risk in relation to the audit of the financial statements and certification work is not significantly different from that identified for the 2012/13 audit. The grants certification fee has reduced to reflect the cessation of certification work in relation to the National Non-Domestic Rates return (NNDR3). A more detailed audit plan will be issued later this financial year. This will detail the risks identified, planned audit procedures and (if required) any changes in fee. If I need to make any significant amendments to the audit fee during the course of the audit, I will first discuss this with you and Ken Clarke (Assistant Director – Finance, Audit & Information Governance) and then prepare a report for the Audit Committee, outlining the reasons why the fee needs to change.

I expect to issue a number of reports relating to my work over the course of the audit. These are listed at Appendix 2.

The proposed fee excludes any additional work we may agree to undertake at the request of Telford & Wrekin Council. Any such piece of work will be separately discussed and a detailed project specification agreed with you. The proposed fees also exclude the costs of ongoing work in relation to an elector query which has already been raised with us.

The key members of our audit team for the 2013/14 audit are:

Name	Role	Contact details
Heather Garrett	Senior Manager	heather.garrett@kpmg.co.uk +44 (0) 161 246 4294 +44 (0) 777 191 2816
Sophie Whelan	Assistant Manager	sophie.whelan@kpmg.co.uk +44 (0) 121 232 3694 +44 (0) 791 789 4110

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 KPMG's national contact partner for Audit Commission work, Trevor Rees (trevor.rees@kpmg.co.uk).

If we are unable to satisfy your concerns, you have the right to make a formal complaint to the Audit Commission. The complaints procedure is set out in the leaflet '*Something to Complain About*', which is available from the Commission's website (www.audit-commission.gov.uk) or on request.



KPMG LLP
Annual audit fee 2013/14
26 April 2013

Yours sincerely

A handwritten signature in black ink that reads 'M. A. McDonagh'.

Michael A McDonagh
Partner

cc: Ken Clarke (Assistant Director: Finance, Audit & Information Governance)

Appendix 1 – Audit fee assumptions

In setting the fee, I have assumed that:

- the level of risk in relation to the audit of the financial statements is not significantly different from that identified for 2012/13;
- you will inform us of significant developments impacting on our audit;
- internal audit meets the appropriate professional standards;
- internal audit undertakes appropriate work on all systems that provide material figures in the financial statements sufficient that we can place reliance for the purposes of our audit;
- you will identify and implement any changes required under the CIPFA IFRS-based Code of Practice on local Authority Accounting within your 2013/14 financial statements;
- your financial statements will be made available for audit in line with the timetable we agree with you;
- good quality working papers and records will be provided to support the financial statements in line with our *prepared by client* request and by the date we agree with you;
- requested information will be provided within agreed timescales;
- prompt responses will be provided to draft reports;
- complete and accurate claims and returns are provided for certification, with supporting working papers, within agreed timeframes; and
- fees relation to any additional work will not be required to address questions or objections raised by local government electors, both in relation to questions already raised and any raised at a future point, or for special investigations such as those arising from disclosures under the Public Interest Disclosure Act 1998, are not covered by this letter and will result in additional fees.

Improvements to the above factors may allow reductions to the audit fee in future years. Where these assumptions are not met, we will be required to undertake additional work and charge an increased audit fee. The fee for the audit of the financial statements will be re-visited when we issue the detailed audit plan.

Any changes to our audit plan and fee will be agreed with you. Changes may be required if:

- new residual audit risks emerge;
- additional work is required by the Audit Commission, KPMG or other regulators; or
- additional work is required as a result of changes in legislation, professional standards or as a result of changes in financial reporting.