

Mr D Yates
Chief Executive
New Forest District Council
Apple Tree Court
Beaulieu Road
Lyndhurst
SO43 7PA

5 March 2013

Ref: 27549207/HT/13-14 Fee Letter

Direct line: 023 8038 2099

Email: HThompson2@uk.ey.com

Dear Dave

Annual Audit Fee 2013/14

We are writing to confirm the audit work that we propose to undertake for the 2013/14 financial year at New Forest District Council. The fee reflects the risk-based approach to audit planning set out in the Code of Audit Practice and the work mandated by the Audit Commission for 2013/14. The audit fee covers the:

- ▶ Audit of the financial statements;
- ▶ Value for money conclusion; and
- ▶ Whole of Government accounts.

Our fee was set by the Audit Commission as part of the 5 year procurement exercise and consequently is not liable to increase in that period without a change in scope.

Indicative audit fee

The Audit Commission is planning to publish the final work programme and scales of fees for 2013/14 in April 2013. In its draft consultation document the Audit Commission proposes that scale audit fees are set at the same level as the fees applicable for 2012/13. This 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;
- ▶ We are able to place reliance on the work of internal audit to the maximum extent possible under auditing standards;
- ▶ The financial statements will be available to us in line with the agreed timetable;
- ▶ Working papers and records provided to us in support of the financial statements are of a good quality and are provided in line with our agreed timetable; and
- ▶ Prompt responses are provided to our queries and draft reports.

Meeting these assumptions will help ensure the delivery of our audit at the indicative audit fee.

The indicative audit fee set out in the table below has initially been set at the scale fee level as the overall level of risk in relation to the audit of the financial statements is not significantly different from that of the prior year.

	Indicative fee 2013/14 £	Indicative fee 2012/13 £	Actual fee 2011/12 £
Total Code audit fee	73,076	73,076	121,794
Certification of claims and returns*	7,161	8,700	20,619

*The indicative fees for 2013/14 and 2012/13, and the actual fee for 2011/12 relate to the certification of grant claims and returns for the years ended 31 March 2014, 31 March 2013 and 31 March 2012 respectively.

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

Our audit plan for the audit of the financial statements will be issued in March 2014. This will detail the significant financial statement risks identified, planned audit procedures to respond to those risks, and any changes in fee. It will also set out the risks identified in relation to the value for money conclusion. Should we need to make any amendments to the audit fee during the course of the audit, we will discuss this in the first instance with the Executive Director (Finance) and, if necessary, prepare a report outlining the reasons for the fee change for discussion with the Audit Committee.

Billing

The indicative audit fee will be billed in 4 instalments of £20,444.

Audit team

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

Helen Thompson
Director

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Karen Lee
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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 sincerely

Helen Thompson
Director
Ernst & Young LLP
United Kingdom

cc. Mr R Jackson, Executive Director (Finance)
Mr A O'Sullivan, Chair of the Audit Committee