

13 April 2010

Dave Clarke
Treasurer
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Dear Dave

Annual Audit Fee 2010/11

Following our meeting on 12 April 2010, I am writing to outline the audit work that we propose to undertake for the 2010/11 financial year at Warwickshire Police Authority. The 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 2010/11; and
- reflects only the audit element of our work, excluding any inspection and assessment fees. Your Comprehensive Area Assessment Lead Gary Hammersley will write to you separately with any necessary inspection fees if appropriate.

As I have not yet completed my audit for 2009/10 the audit planning process for 2010/11, including the risk assessment will continue as the year progresses and fees will be reviewed and updated as necessary.

The total indicative fee for the audit for 2009/10 is for £83,500 (exclusive of VAT) which compares to the planned fee of £78,950 for 2009/10. A summary of this is shown in the table below.

Audit area	Planned fee 2010/11	Planned fee 2009/10
Audit Fee	82,100	77,630
WGA	1,400	1,320
Total audit fee	83,500	78,950

The Audit Commission has published its work programme and scales of fees 2010/11. The scale fee for Warwickshire Police Authority is £83,500 which is reflected in the planned fee for 2010/11.

The published fee scale for 2010/11 included a 6% increase to cover the costs of additional audit work arising from the introduction of International Reporting Standards. In July 2009, in recognition of the financial pressures that public bodies are facing in the current economic climate, the Commission confirmed that it would subsidise the 'one-off' element of the cost of transition to International Financial Reporting Standards (IFRS) for local authorities and police and fire and rescue authorities from 2010/11. The Authority will therefore receive a refund from the Audit Commission of £5,012 in April 2010.

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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 is not significantly different from that identified to 2009/10. A separate plan for the audit of the financial statements will be issued on completion of our early audit work. This will detail the risks identified, planned audit procedures and 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 your officers and then prepare a report outlining the reasons why the fee needs to change for discussion with the Audit Committee.

My use of resources assessments will be based upon the evidence from three themes:

- Managing finances;
- Governing the business; and
- Managing resources.

The key lines of enquiry specified for the assessment are set out in the Audit Commission's work programme and scales of fees 2010/11. My work on use of resources informs my 2010/11 value for money conclusion.

I will issue a number of reports relating to my work over the course of the audit. These are listed at Appendix 1.

The above fee excludes any work requested by you that the Commission may agree to undertake using its advice and assistance powers. Each piece of work will be separately negotiated and a detailed project specification agreed with you.

The key members of the audit team for 2010/11 are:

District Auditor – Dave Rigg 0844 798 1105

Audit Manager – Joan Barnett 0844 798 3963

Team Leader – Denise Mills 0844 798 7565

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 in the first instance. Alternatively you may wish to contact the West Midlands Head of Operations, Phil Jones (w-midlands@audit-commission.gov.uk).

Yours sincerely

Dave Rigg
District Auditor

CC Oliver Winter, Chief Executive

CC Richard Elkin, Force Director of Resources

CC Councillor Bob Hicks, Chair of Audit Committee

Appendix 1: Planned outputs

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

Table 1

Planned output	Indicative date
Audit plan	May 2011
Annual governance report	September 2011
Auditor's report giving the opinion on the financial statements and value for money conclusion	September 2011
Police Use of resources report	September 2011
Final accounts memorandum (to the Director of Finance)	November 2011
Annual audit letter	November 2011