

12 April 2011

Mr John Marsland
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Dear John

Annual audit fees: 2010/11 and 2011/12

I am writing to inform you of the audit work and fees for 2010/11 and 2011/12 for Chichester District Council. These fees are based on the risk-based approach to audit planning set out in the Code of Audit Practice and work mandated by the Commission.

Although I have not yet completed my audit for 2010/11 at this stage I expect that your total fee for 2010/11 will remain at the agreed level of £113,250. I will contact you if there is any change to this.

As you will be aware, for 2011/12 the Commission has already consulted on its scale of fees. The proposals include;

- no inflationary increase in 2011/12 for audit and inspection scales of fees and the hourly rates for certifying claims and returns;
- a reduction in scale fees resulting from our new approach to local VFM audit work of 2 to 20 per cent; and
- a reduction in scale audit fees of 3 per cent for local authorities reflecting lower ongoing audit costs after implementing IFRS.

In line with the consultation document, the specified fee for Chichester District Council for 2011/12 is £107,588.

A comparison between the two audit years is shown below:

Work	Agreed fee (£) 2010/11	Planned fee (£) 2011/12
Financial statements	77,000	74,690
VFM Conclusion	34,140	30,798
Whole of Government Accounts	2,100	2,100
Total audit fee	113,250	107,588
Certification of claims and returns (expected)	30,000	30,000

For both years, a separate opinion plan for the audit for the financial statements will be issued to you once my ongoing work is sufficiently advanced. This will detail any risks identified, planned audit procedures and any changes in fee.

In considering the scope and nature of my audit, I wish to draw your attention to the following documents, which are available via the Audit Commission's website (www.audit-commission.gov.uk).

- Statement of responsibilities of auditors and audited bodies;
- Code of audit practice.

If I need to make any significant amendments to either audit fee during the course of my audit, I will first discuss this with you and then prepare a report outlining the reasons why the fee needs to change for discussion with the Corporate Governance and Audit Committee.

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

The above fees exclude work 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 contact for the audit is the Audit Manager, Mark Catlow, who can be contacted on 0844 798 4640

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 Director with responsibility for Local Government, Mike Haworth-Maden (m-haworth-maden@audit-commission.gov.uk).

Yours sincerely

Patrick Jarvis

District Auditor

Appendix 1: Planned outputs

Our reports will be discussed and agreed with the appropriate officers before being issued to the Corporate Governance and Audit Committee

2010/11

Planned output	Indicative date
Audit opinion update (including interim audit findings)	April 2011
Annual governance report	September 2011
Auditor's report giving the opinion on the financial statements and value for money conclusion	September 2011
Annual audit letter	November 2011

2011/12

Planned output	Indicative date
Audit opinion update (including interim audit findings)	January 2012
Annual governance report	September 2012
Auditor's report giving the opinion on the financial statements and value for money conclusion	September 2012
Annual audit letter	November 2012