

John Coughlan, CBE  
Chief Executive  
Hampshire County Council  
The Castle  
Winchester  
SO23 8UJ

19 April 2016

Ref: HCC/16-17/Fee Letter

Direct line: 07769 932604

Email: MGrindley@uk.ey.com

Dear John

## Annual Audit Fee 2016/17

We are writing to confirm the audit that we propose to undertake for the 2016/17 financial year at Hampshire County Council.

### Indicative audit fee

For the 2016/17 financial year Public Sector Audit Appointments Ltd (PSAA) has set the scale fee for each audited body, following consultation on its Work Programme and Scale of Fees.

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; and
- Whole of Government accounts.

For Hampshire County 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;
- The operating effectiveness of the internal controls for the key processes identified within our audit strategy, whether operated by the Council directly or by third parties on its behalf;
- We can rely on the work of internal audit as planned;
- Our accounts opinion and value for money conclusion being unqualified;

- Appropriate quality of documentation is provided by the 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 2015/16, our audit planning process for 2016/17 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 2016/17 £	Planned fee 2015/16 £	Actual fee 2014/15 £
Total Code audit fee	116,519	116,519	155,358

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 four quarterly instalments of £29,129.75.

### Audit plan

Our plan is expected to be issued in January 2017. 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 Director of Corporate Resources and, if necessary, prepare a report outlining the reasons for the fee change for discussion with the Audit Committee.

**Audit team**

The key members of the audit team for the 2016/17 financial year are:

Maria Grindley  
**Executive Director**

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**Senior Manager**

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Faraz Yunus  
**Executive**

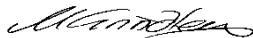
[FYunus@uk.ey.com](mailto:FYunus@uk.ey.com)

Tel: 07983 200777

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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



Maria Grindley  
Executive Director  
For and on behalf of Ernst & Young LLP

cc.

Carolyn Williamson, Director of Corporate Resources  
Councillor Evans, Chair of the Audit Committee