



21 April 2011

Mr I Bathgate
Chief Fire Officer
Tyne and Wear Fire and Rescue Service
Brigade HQ
Barmston Mere
Sunderland
Tyne and Wear

Direct line 0844 798 1675

Dear Mr Bathgate

Annual audit fee 2011/12

I am writing to confirm the audit work that we propose to undertake for the 2011/12 financial year at Tyne and Wear Fire and Rescue Authority ("the Authority"). The fee reflects the risk-based approach to audit planning set out in the Code of Audit Practice and work mandated by the Commission for 2011/12. The audit fee covers:

- The audit of financial statements (including the Annual Governance Statement which is included in your annual accounts);
- Financial information included in your annual report;
- the Value for money conclusion; and
- Whole of Government accounts.

As I have not yet completed my audit for 2010/11 the audit planning process for 2011/12, including the risk assessment, will continue as the year progresses. Any significant issues arising from our ongoing risk assessment will be discussed with you.

Audit fee

The Audit Commission has set a scale fee for each audited body for 2011/12, rather than providing a fee range with fixed and variable elements. Variations from the scale fee are only expected to occur where the local assessment of audit risk and complexity are significantly different from those identified and reflected in the 2010/11 fee.

The scale fee represents proposed reductions in the total audit fee as a result of:

- no inflationary increase in 2011/12
- a cut in scale fees resulting from our new approach to local value for money work; and

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- a cut in scale audit fees of 3 per cent for local authorities, police and fire and rescue authorities, reflecting lower continuing audit costs after implementing IFRS.

At this stage our proposed fee has been set at scale fee for 2011/12. This has been set out with comparative information in the table below.

Proposed fee 2011/12	£68,080
Scale fee 2011/12	£68,080
Planned fee 2010/11	£74,000

I will issue a more detailed audit plan in December 2011. This will set out:

- the audit risks identified in respect of both the financial statements audit and the value for money conclusion;
- the audit procedures I plan to undertake; and
- any changes in fee.

If I need to make any significant amendments to the audit fee, I will first discuss this with the Chief Finance Officer. I will then prepare a report outlining the reasons the fee needs to change for discussion with the Governance committee.

The above fee excludes any additional work we may agree to undertake using our advice and assistance powers. We will negotiate each piece of work separately and agree a detailed project specification.

Reporting

I will issue several reports over the course of the audit. These are listed below.

Planned output	Indicative date
Audit plan	January 2012
Annual governance report	September 2012
Auditor's report giving the opinion on the financial statements and value for money conclusion	September 2012
Final accounts memorandum (if required)	October 2012
Annual audit letter	November 2012

We will discuss and agree our reports with officers before issuing them to the Governance Committee.

Audit team

Your audit team meet high specifications and will:

- understand you, your priorities and challenges;
- provide you with fresh, innovative and useful support;
- be readily accessible and responsive to your needs, but independent and challenging to deliver a rigorous audit;
- understand national developments and have a good knowledge of local circumstances; and
- communicate relevant information to you in a prompt, clear and concise manner.

The key members of the audit team for 2011/12 are:

Name	Contact details	Responsibilities
Steve Nicklin Engagement Lead	s-nicklin@audit-commission.gov.uk 0844 798 1621	Responsible for the overall delivery of the audit including: <ul style="list-style-type: none"> • the quality of outputs • liaison with the Chief Fire Officer and Chair of Governance Committee • issuing the auditor's report.
Lynn Hunt Engagement Manager	l-hunt@audit-commission.gov.uk 0844 798 1675	Manages and coordinates the different elements of the audit work. Key point of contact for the Chief Finance Officer.
Chris Clancy Team Leader	c-clancy@audit-commission.gov.uk 0844 798 1681	Leads the on-site team in delivering the financial statements audit.

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. Alternatively you may wish to contact Chris Westwood, Director of Professional Practice, Audit Practice, Audit Commission, 1st Floor, Millbank Tower, Millbank, London SW1P 4HQ (c-westwood@audit-commission.gov.uk)

Yours sincerely

Steve Nicklin, District Auditor

cc Mr M page, Chief Finance Officer

cc Mr J Cooke, Chair of the Governance Committee