



Deloitte LLP  
3 Victoria Square  
Victoria Street  
St Albans  
AL1 3TF

Phone: +44 (0)1727 839000  
Fax: +44 (0)1727 831111  
[www.deloitte.co.uk](http://www.deloitte.co.uk)

29 April 2019

Emma Foy  
Maldon District Council  
Council Offices  
Princes Road  
Maldon  
Essex  
CM9 5DL

Dear Emma,

### **Fee for the audit of the accounts of Maldon District Council for the year ending 31 March 2020**

We are writing to set out our fee for the audit of the accounts of Maldon District Council for the year ending 31 March 2020.

### **Proposed fee for the audit**

The scale fee for the audit published by Public Sector Audit Appointments Limited (PSAA) in respect of the year ending 31 March 2020, consistent with the scale for 2018/19 is £37,942.

We do not propose any variations to the scale fee at this stage however we note that the Council will be moving to a new finance system which will require us to perform additional work. Once we have assessed the level of work required we will agree any fee amendment required.

### **Work programme**

Our audit work will be undertaken under the requirements of the Code of Audit Practice and supporting guidance published by the National Audit Office (NAO) on behalf of the Comptroller and Auditor General, the financial reporting requirements set out in the Code of Practice on Local Authority Accounting published by CIPFA/LASAAC, and the professional standards applicable to auditors' work.

The Code sets the overall scope of the audit, requiring the auditor to give an opinion on the financial statements of a principal body subject to audit under the 2014 Act, and a conclusion on the arrangements for value for money.

The audited body is responsible for putting in place appropriate arrangements to support the proper conduct of public business, and for ensuring that public money is safeguarded, properly accounted for and used with due regard to value for money.

The Code requires that the auditor's work should be risk-based and proportionate. We tailor our work to reflect local circumstances and their assessment of audit risk. We do this by assessing the significant financial and operational risks facing an audited body, and evaluating the arrangements it has put in place to manage those risks.

Whilst this is the second year of our appointment, we are yet to complete the audit for 2018/19 at the date of this letter. Our risk assessment specific to the 2019/20 has therefore not yet been performed. Our fee assumes that no risk-based value for money work will be required.

Once we have completed our detailed planning and risk assessment procedures for the purposes of the 2019/20 audit, we will present our audit plan to those charged with governance and provide an explanation

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for any variances (if applicable) to the published scale rate set out in this letter and following the approval process described below.

## **Assumptions on which the fee is based**

The 2019/20 scale fee and our proposed fee is based on the following assumptions:

- there are no significant changes (compared to that applying to 2018/19 and reflected in the published fee scale for that year) in NAO guidance for auditors, professional standards, or CIPFA/LASAAC financial reporting requirements that would affect materially the amount of audit work to be undertaken for our 2019/20 audit;
- the authority is able to provide us with complete and materially accurate financial statements, with supporting working papers, within agreed timeframes; and
- audit risk and complexity are similar to the level identified and reflected in the scale fee for 2019/20, including that: the authority maintains a strong control environment; and our detailed risk assessment work does not identify the need to undertake pieces of risk-based value for money work.

The proposed fee does not include fees for considering objections or any special investigations, such as those arising from disclosures under the Public Interest Disclosure Act 1998. These will be charged as a variation to the scale fee using the procedure described below.

Certification work is not covered by PSAA's audit contract and is therefore not within the scope of this letter. If such work is requested, it would be subject to separate agreement of fee, and a separate engagement letter.

The fees exclude value added tax (VAT), which will be charged at the prevailing rate of 20 per cent on all work done.

## **Variations to the proposed fee**

Where it becomes clear that the amount of work required is significantly different to that which would be expected based on these assumptions (and reflected in the above fees), we will request a variation to the proposed fee.

We will first discuss the reasons for the additional fee with you and then submit a request to PSAA for a variation in the fee. PSAA has the power to determine the audit fee payable, which may vary from the prescribed scale fee, where it concludes that substantially more or less audit work was required than envisaged by the scale fee.

Yours sincerely



**Craig Wisdom**  
Deloitte LLP