

8 June 2009

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Dear Peter

## **Supplementary opinion audit plan 2008/09**

You will recall that I issued the initial audit plan for 2008/09 in June 2008, which set out the work that I proposed in order to satisfy my responsibilities under the Audit Commission's Code of Audit Practice. As this plan was produced at the start of the financial year to give you an indication of the proposed fee, I was not able at that time to specify the detailed risks that I would need to consider as part of my audit opinion work.

I am now in a position to do this as the opinion work is about to commence. This letter represents my supplementary opinion plan under International Standard on Auditing (United Kingdom and Ireland) 300.

The above standard requires me to:

- identify the risk of material misstatements in your accounts;
- plan audit procedures to address these risks; and
- ensure that the audit complies with all relevant auditing standards.

I have therefore considered the additional risks that are appropriate to the current opinion audit and I have set these out below.

<b>Risk</b>	<b>Residual risk</b>	<b>Audit response</b>
The Council included operational assets amounting to some £25 million in its balance sheet last year. There is the risk of reducing asset values in the current	Yes	The current economic climate is having a potentially material impact on asset values. We will review the Council's processes to ensure that its valuer has appropriately considered impairment and that asset

<b>Risk</b>	<b>Residual risk</b>	<b>Audit response</b>
economic climate.		values are fairly reported in the Statement of Accounts.
The large scale voluntary transfer (LSVT) of your housing stock in November 2008 will require significant and complex changes to your accounts.	Yes	We will continue to use our technical specialists to assist you in this work and review your accounts. This work will continue to be charged outside the audit fee.

In my original audit plan, the estimated fee for the opinion audit was based on my best estimate at the time and agreed at £67,200 as part of a total audit fee of £89,400.

I am satisfied that the original fee estimate for the opinion audit was appropriate and no adjustment is therefore required to the fee at this stage. However, I will keep the fee under review as the opinion audit progresses. If I need to amend the fee subsequently, I will first discuss it with Mr M Kimberley.

Yours sincerely

John R Cornett  
District Auditor

cc Mr M Kimberley (Head of Corporate Services)