



Ms Karen Bradford
 Chief Executive
 Gedling Borough Council
 Civic Centre
 Arnot Hill Road
 Arnold
 Nottingham
 NG5 6LU

Direct line 0115 964 4779
 Email David.Hoose@mazars.co.uk

24 April 2019

Dear Ms Bradford

Gedling Borough Council– External Audit Fees 2019/20

Public Sector Audit Appointments Ltd (PSAA) has consulted on its scale of fees for 2019/20. It has not made any changes to the work programme for 2019/20 and scale fees remain at the same level as the previous year. The scale of fees is published at:

<https://www.psaa.co.uk/audit-fees/2019-20-audit-fee-scale/individual-scale-fees-for-local-government-bodies/>

Fees

The table below includes our proposed fee, which is in line with the scale fee.

Audit area	Scale fee (2019/20)	Proposed fee (2019/20)	Provisional fee (2018/19)*
Audit of the accounts and VFM conclusion	£ 32,779 plus VAT	£ 32,779 plus VAT	£32,779 plus VAT

**subject to completion of the 2018/19 work.*

The scale fee assumes that you provide us with complete and materially accurate financial statements, with supporting working papers, within agreed timeframes. It also assumes that the level of risk and complexity associated with your financial statements remains unchanged and that we do not identify any new risks to our VFM conclusion. Where we need to undertake work additional to that planned as part of the fee-setting process, we will communicate with you and PSAA about our fee in line with the requirements of PSAA's Terms of Appointment which are available from their website.

At this stage, we have not been engaged to undertake any non-audit work, such as grants assurance, for 2019/20.

Mazars LLP – Park View House - 58 The Ropewalk - Nottingham - NG1 5DW
 Tel: +44 (0) 115 964 4744 – Fax: +44 (0) 115 964 4755 – www.mazars.co.uk

Mazars LLP is the UK firm of Mazars, an integrated international advisory and accountancy organisation. Mazars LLP is a limited liability partnership registered in England and Wales with registered number OC308299 and with its registered office at Tower Bridge House, St Katharine's Way, London E1W 1DD.

We are registered to carry on audit work in the UK and Ireland by the Institute of Chartered Accountants in England and Wales. Details about our audit registration can be viewed at www.auditregister.org.uk under reference number C001139861.

VAT number: 839 8356 73



Outline of work programme

The proposed audit fee covers:

- the audit of your financial statements;
- work to conclude on your arrangements for securing value for money; and
- the assurance we are required to provide to the National Audit Office on the consistency of your Whole of Government Accounts return with the audited financial statements.

If required, we will address any legal challenge work prompted by local electors at the rate prescribed by PSAA.

At this stage we have yet to complete our risk assessment for 2019/20 and we will issue our Audit Strategy Memorandum in early 2020. This will communicate to you the risks that we identify in relation to the work programme outlined above and the action we plan to take in response.

Our method statement

Our contract with PSAA contains a method statement which sets out our commitment to deliver quality audit services, our audit approach and what you can expect from us. We have included a summary of our method statement as Appendix 1 to this letter. This is provided as a benchmark for the Council to provide feedback on our performance as its auditor when PSAA issues its satisfaction survey later in 2019.

If you have any queries about the content of this letter, please don't hesitate to contact me or your engagement manager, Anita Pipes.

Yours sincerely,



David Hoose

Partner

cc Mike Hill – Deputy Chief Executive

Appendix 1

Public Sector Audit Appointments Contract Method Statement

Gedling Borough Council opted into the Public Sector Audit Appointments (PSAA) Appointing Person scheme which started in 2018/19. PSAA appointed Mazars LLP as auditors, and is responsible under the Local Audit (Appointing Person) Regulations 2015 for monitoring compliance with the contract and is committed to ensuring good quality audit services are provided by its suppliers. Details of PSAA's audit quality monitoring arrangements are available from its website, www.psa.co.uk.

Our contract with PSAA contains a method statement which sets out the firm's commitment to deliver quality audit services, our audit approach and what clients can expect from us. A summary of the four key themes in our method statement is shown below. It is provided as a guide and reference for liaising with us, and a benchmark for you to provide feedback on our performance to PSAA via its survey in Autumn 2019.

Key theme 1 – Knowledge, technical competence and understanding

Your audit team will understand the public sector and the environment within which you operate. They will develop and maintain a deep understanding of your organisation, the opportunities available to you and risks which you are facing. They will do so principally to enable them to discharge their responsibilities under the Code of Audit Practice as effectively as possible, but also to provide constructive challenge and support to your officers and members.

Mazars is committed to the continuing development of all our staff and members of your audit team will access training and development opportunities specifically for their role as public sector auditors. They will also be supported by a team of specialists in public sector audit and financial reporting who are experienced in providing guidance to clients and auditors, and to providing leadership on emerging issues across the sector.

Key theme 2 – Quality and efficiency

As explained in our [Transparency Report](#), Mazars is a firm that is committed to quality in everything that we do and this is the core message that underpins our public sector audit work. We have a central team dedicated to supporting our public sector auditors to deliver high-quality services to all clients. You can expect your audit team to have access to the latest technical information, bespoke audit tools developed specially for the sector and access to a suite of specialist training courses.

The way in which we communicate with you and your officers fosters a working relationship built on mutual trust and the objective to deliver a high-quality and efficient audit. Our audit team will work alongside your finance team to ensure a flexible approach to audit resourcing so that we deliver our work when it is convenient with you, as far as statutory deadlines allow.

We are also committed to supporting improvements in the sector, harnessing our knowledge and information gathered from across our public sector and corporate client base. This can be as simple as holding post-implementation meetings with officers following completion of the audit, through to benchmarking and detailed reviews of areas of risk, delivered as part of our Value for Money responsibilities.

Key theme 3 – Openness and Communication

We value open and honest two-way communication with our clients as we believe that without it, you cannot develop an effective and professional working relationship. You will have access to senior members of your audit team, including the Key Audit Partner and Engagement Manager, at appropriate times throughout the audit cycle. They will be on hand to discuss emerging issues and will work with you and your teams to understand your business, the risks you're facing and the support we may be able to provide.

Your audit team will be available to provide initial views on proposed accounting policy changes, complex or unusual transactions and other matters that may impact upon our opinion on your financial statements or our Value for Money conclusion. Our technical specialists will provide your finance team with an annual financial reporting workshop that will guide them through changes in the CIPFA Code and underlying accounting standards, and provide them with an early view on areas of audit focus.

We understand the importance of effective communication with the Audit Committee, and will ensure that our reports to them are timely and written in an easily-understood, jargon-free manner. We will always ensure that a senior member of your audit team attends Audit Committee meetings.

Key theme 4 – A commitment to social responsibility and social value

We are committed to public sector audit and assurance work, and have set out our commitment by establishing Public Services as one of our core strategic markets. In order to deliver high-quality services to our clients, we understand the need to have skilled and knowledgeable team members and will develop the next generation of public sector auditors and accountants through continuing and expanding our graduate traineeship and school-leaver programmes. We have set targets to ensure that a significant proportion of our entrants through these programmes come from disadvantaged backgrounds that are traditionally under-represented in the accountancy profession. These targets include:

- Taking on an additional 10 Access Accountancy interns in every year of our PSAA contract, taking the total to 30 per year;
- Employing 10 graduates onto our accounting trainee programme, including at least 4 from disadvantaged backgrounds; and
- Increasing the number of entrants to our firm through our school-leaver programme which is focused on attracting candidates from disadvantaged backgrounds.

Your audit team will be actively involved in the corporate social responsibility work that we undertake as a firm. As part of our contract with PSAA, we have committed to granting all of our public sector audit staff an additional day to get involved in charitable and other projects that contribute to their local areas.

Mazars will also be a founding member of the Centre for Social Value which will promote learning on effective local interventions to reduce social inequality and improve social mobility. As one of our clients, you can expect to have opportunities to contribute to research and programmes implemented by the Centre.