



9 April 2009

Mr S McGuirk
Chief Fire Officer
Cheshire Fire & Rescue Authority
Cheshire Fire and Rescue Service HQ
Winsford
Cheshire
CW7 2FQ

Dear Mr McGuirk

Annual Audit Fee 2009/10

Further to our discussions, I am writing to confirm the audit work that we propose to undertake for the 2009/10 financial year at Cheshire Fire and rescue Authority. The fee:

- is based on the risk-based approach to audit planning as set out in the Code of Audit Practice and work mandated by the Audit Commission for 2009/10; and
- reflects only the audit element of our work, excluding any inspection and assessment fees. Your Comprehensive Area Assessment Lead will be writing to you separately on inspection fees.

As I have not yet completed my audit for 2008/09 the audit planning process for 2009/10, including the risk assessment will continue as the year progresses and fees will be reviewed and updated as necessary.

The total indicative fee for the audit for 2009/10 is for £67,625 (exclusive of VAT) which compares to the planned fee of £65,691 for 2008/09. A summary of this is shown in the table below.

Audit fee

Audit area	Planned fee 2009/10	Planned fee 2008/09
Financial statements	47,125	45,805
Use of Resources/VFM Conclusion	19,600	19,000
WGA	900	886
Total audit fee	67,625	65,691

The Audit Commission has published its work programme and scales of fees 2009/10. The scale fee for Cheshire Fire and rescue Authority is £71,940. The fee proposed for 2009/10 is 6 per cent below the scale fee.

In setting the fee at this level, I have assumed that the general level of risk in relation to the audit of the financial statements is not significantly different from that identified to 2008/09. I will issue a separate plan for the audit of the financial statements in December 2009. This will detail the risks identified, planned audit procedures and any changes in fee. If I need to make any significant amendments to the audit fee during the course of the audit, I will first discuss this with the Director of Finance and then prepare a report outlining the reasons why the fee needs to change for discussion with the audit committee.

My use of resources assessments will be based upon the evidence from three themes:

- Managing finances;
- Governing the business; and
- Managing resources.

The key lines of enquiry specified for the assessment are set out in the Audit Commission's work programme and scales of fees 2009/10. My work on use of resources informs my 2009/10 value for money conclusion. However, I have identified a significant risk in relation to my value for money conclusion. For each risk, I consider the arrangements put in place by the Council to mitigate the risk, and plan my work accordingly. My initial risk assessment for value for money audit work is shown in the table below:

Risk	Planned work	Timing of work
First year of assessment of the Authority's use of natural resources	We will review the Authority's arrangements for assessing the environmental impact of its activities as part of our work on Use of Resources.	April 2009 – March 2010
First year of a new structure for the Authority following LGR in Cheshire with significant number of new members on key Committees	We will monitor the work of the members through attendance at selected committee meetings and Authority meetings	April 2009 – March 2010
Continued uncertainty as to the future responsibility for the Regional Control Centre	We will review the accounting entries in respect of the Control Centre as they arise	June 2010

I will issue a number of reports relating to my work over the course of the audit. These are listed at Appendix 1.

3

The above fee excludes any work requested by you that the Commission may agree to undertake using its advice and assistance powers. Each piece of work will be separately negotiated and a detailed project specification agreed with you.

The key members of the audit team for the 2009/10 are:

Audit Manager – G Small 0844 798 3610

Team Leader – C Blakemore 0844 798 4444

This letter will be presented to the members of the Authority in their capacity as those charged with Governance. In considering this letter they should make reference to the Audit Commission Code of Audit Practise and to the Statement of Responsibilities of Auditors and Audited Bodies. Copies will be provided to the Authority and they can be found on the Commissions website using the links below:

<http://www.audit-commission.gov.uk/reports/NATIONAL-REPORT.asp?CategoryID=&ProdID=0070AC93-EE4E-4A42-8C78-3DB722EF5A79>

and

<http://www.audit-commission.gov.uk/reports/NATIONAL-REPORT.asp?CategoryID=&ProdID=A9F9AD95-AE7D-4755-935B-94700E020A9E>

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 in the first instance. Alternatively you may wish to contact the North West Head of Operations, Terry Carter (t-carter@audit-commission.gov.uk).

Yours sincerely

Judith Tench
District Auditor

cc Treasurer

cc Chair of the Authority

Appendix 1: Planned outputs

Our reports will be discussed and agreed with the appropriate officers before being issued to the Policy committee.

Table 1

Planned output	Indicative date
Audit plan	17 December 2009
Annual governance report	7 September 2010
Auditor's report giving the opinion on the financial statements and value for money conclusion	14 September 2010
Use of resources report	14 September 2010
Final accounts memorandum (to the Treasurer)	10 October 2010
Annual audit letter	November 2010