



8 April 2011

Mr K Timmins  
Assistant Chief Executive and Treasurer  
Merseyside Fire and Rescue Service  
Fire Service HQ  
Bridle Road  
Bootle  
Merseyside  
L30 4YD

**Direct line** 0844 798 3574  
**Mobile** 07815 880 687  
**Email** r-baker@audit-  
commission.gov.uk

Dear Kieran

## **Annual audit fee 2011/12**

I am writing to provide an outline of the work programme and to confirm the proposed fee for the 2011/12 audit of Merseyside Fire and Rescue 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;
- 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.

The total proposed fee for the audit for 2011/12 is £72,054 (excluding VAT) which compares to a planned fee for 2010/11 of £78,320.

## **Scale audit fees**

The Audit Commission has set the scale fee for each audited body for 2011/12, rather than providing a scale fee with fixed and variable elements. The scale fee reflects proposed decreases in the total audit fee taking account of the pressure on funding for Fire and Rescue Authorities. The detailed changes are:

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

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

The Audit Commission scale fee for 2011/12 is £72,054. Variations from the scale fee will only occur where my assessments of audit risk and complexity are significantly different from those identified and reflected in the 2010/11 fee. I have not at this stage identified any issues that would significantly alter my risk assessment. I therefore propose to set the 2011/12 fee at the scale fee of £72,054.

The table below analyses the audit fee.

<b>Audit area</b>	<b>Scale fee 2011/12</b>	<b>Planned fee 2010/11</b>
<b>Audit fee</b>	<b>£72,054</b>	<b>£78,320</b>

The scale fee covers the cost of the work programme currently proposed for 2011/12. I will issue a more detailed audit plan by February 2012. The more detailed plan will set out the risks identified to both the financial statements audit and the value for money conclusion together with the audit procedures I plan to undertake. If I need to make any significant amendments to the audit fee, I will first discuss this with the Assistant Chief Executive and Treasurer. I will then prepare a report outlining the reasons the fee needs to change for discussion with the Audit and Value for Money Scrutiny Panel.

At this stage I have not identified any significant risks that I need to address in forming my value for money conclusion. I will continue to monitor the Authority's performance in 2011/12 as it faces the challenge of delivering savings and improving fire service efficiency without impacting on the quality of service delivery. As with a number of public sector organisations the Authority faces a major challenge over the next couple of years as it makes reductions in its expenditure. I will continue to track the Authority's response to the challenges faced and will assess the impact on my audit.

I will issue several reports over the course of the audit. I have listed these at Appendix 1. The fee excludes work the Commission may agree to undertake using its advice and assistance powers. We will negotiate each piece of work separately and agree a detailed project specification.

## **Audit team**

Your audit team is committed to providing you with a high quality audit service and will:

- understand you, your priorities and provide you with timely 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
Robin Baker Engagement Lead	<a href="mailto:r-baker@audit-commission.gov.uk">r-baker@audit-commission.gov.uk</a> 0844 798 3574	Robin is responsible for the overall delivery of the audit including the quality of outputs, signing the opinion and conclusion, and liaison with the Chair of the Audit and Value for Money Scrutiny Panel and Chief Fire Officer.
Paul Basnett Audit Manager	<a href="mailto:p-basnett@audit-commission.gov.uk">p-basnett@audit-commission.gov.uk</a> 0844 798 4813	Paul manages and coordinates the different elements of the audit work. Key point of contact for the Assistant Chief Executive and Treasurer.
John Padfield Team Leader	<a href="mailto:j-padfield@audit-commission.gov.uk">j-padfield@audit-commission.gov.uk</a> 0844 798 4834	John has experience of auditing the financial statements of the Authority. He will lead the on-site team in delivering the 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](mailto:c-westwood@audit-commission.gov.uk))

Yours sincerely



Engagement Lead

cc Tony McGuirk (Chief Fire Officer)

cc Cllr Denise Roberts (Chair of the Audit and Value for Money Scrutiny Panel)

## Appendix 1- Planned outputs

We will discuss and agree our reports with officers before issuing them to the [audit] committee.

---

**Table 1**

<b>Planned output</b>	<b>Indicative date</b>
Audit plan	February 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 (to the Treasurer)	October 2012
Annual audit letter	November 2012