

Gareth Wilson
The Temporary Chief Constable for Suffolk Constabulary
Police Headquarters
Martlesham Heath
Ipswich
IP5 3QS

10 April 2015

Ref: CC Suffolk/Fee letter 2015-16

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Dear Gareth

Annual Audit Fee 2015/16

We are writing to confirm the audit work that we propose to undertake for the 2015/16 financial year at the Chief Constable for Suffolk Constabulary (CC). We are writing separately to the Police and Crime Commissioner for Suffolk (PCC) on the 2015/16 fees for the PCC.

Our 2015/16 audit is the first that we will undertake following the closure of the Audit Commission on 31 March 2015. Our contract will now be overseen by Public Sector Audit Appointments Ltd (PSAA), an independent company set up by the Local Government Association, until it ends in 2017 (or 2020 if extended by the Department of Communities and Local Government).

The responsibility for publishing the statutory Code of Audit Practice, under which we will conduct our audit work, has transferred to the National Audit Office.

Indicative Audit Fee

The fee reflects the risk-based approach to audit planning set out in the National Audit Office's Code of Audit Practice for the audit of local public bodies, applying from 2015/16 audits.

The audit fee covers the:

- ▶ Audit of the financial statements for the CC;
- ▶ Value for money conclusion for the CC; and
- ▶ Whole of Government accounts for the CC.

For the 2015/16 financial year the Audit Commission has set the scale fee for each audited body prior to its closure. The scale fee is based on the fee initially set in the Audit Commission's 2012 procurement exercise, reduced by 25% following the further tendering of contracts in March 2014. It is not likely to increase during the remainder of our contract without a change in the scope of our audit responsibilities.

The 2015/16 scale fee is based on certain assumptions, including:

- ▶ The overall level of risk in relation to the audit of the financial statements is not significantly different from that of the prior year;
- ▶ We are able to place reliance on the work of internal audit to the maximum extent possible under auditing standards;
- ▶ The financial statements will be available to us in line with the agreed timetable;
- ▶ Working papers and records provided to us in support of the financial statements are of a good quality and are provided in line with our agreed timetable; and
- ▶ Prompt responses are provided to our draft reports.

Meeting these assumptions will help ensure the delivery of our audit at the indicative audit fee which is set out in the table below.

For the CC this fee is set at the scale fee level as the overall level of audit risk is not significantly different from that of the prior year.

As we have not yet completed our audit for 2014/15, our audit planning process for 2015/16 will continue as the year progresses. Fees will be reviewed and updated as necessary, within the parameters of our contract.

Summary of Fees

	Indicative fee 2015/16 £	Planned fee 2014/15 £	Actual fee 2013/14 £
Total Code audit fee	15,000	20,000	23,780*
Non audit work	n/a	n/a	n/a

* In 2013/14, the Audit Commission set the scale fee for the Code audit at £20,000. The final audit fee was £23,780, following extra audit work in reviewing financial resilience.

Any additional work that we may agree to undertake (outside of the Audit Code of Practice) will be separately negotiated and agreed with you in advance.

Billing

The indicative audit fee will be billed in 4 quarterly instalments.

Audit Plan

Our plan for the audit of the financial statements will be issued in March 2016. This will detail the significant financial statement risks identified, planned audit procedures to respond to those risks, and any changes in fee. It will also set out the risks identified in relation to the Value for Money conclusion. Should we need to make any significant amendments to the audit fee during the course of the audit, we will discuss this in the first instance with the Chief Finance Officer and, if necessary, prepare a report outlining the reasons for the fee change for discussion with the Audit Committee.

Audit team

The key members of the audit team for the 2015/16 financial year are:

Neil Harris
Director NHarris2@uk.ey.com Tel: 07967 624 335

Chris Hewitt
Manager CHewitt@uk.ey.com Tel: 07879 667 245

We are committed to providing you with a high quality service. If at any time you would like to discuss with us how our service to you could be improved, or if you are dissatisfied with the service you are receiving, please contact me. If you prefer an alternative route, please contact Steve Varley, our Managing Partner, 1 More London Place, London, SE1 2AF. We undertake to look into any complaint carefully and promptly and to do all we can to explain the position to you. Should you remain dissatisfied with any aspect of our service, you may of course take matters up with our professional institute.

Yours sincerely



Neil Harris
Audit Director
For and on behalf of Ernst & Young LLP

cc. Peter Jasper, CC Chief Finance Officer
David Rowe, Chair of the Audit Committee