

Our Ref BM/JD - SHDC1213

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Dear Richard

ANNUAL AUDIT FEE 2012-13

I am writing to confirm the audit work that we propose to undertake for the 2012-13 financial year at South Hams District Council (the Council) and the associated fee. This is based on the Audit Commission's work programme and scale of fees for 2012-13 published in April 2012.

Following the conclusion of the Audit Commission's procurement exercise to outsource the work of its audit practice, the Audit Commission has been able to secure significant reductions in the cost of audit services and are passing on reductions of 40 per cent in audit fees for local government bodies. As in previous years, the Audit Commission publishes its work programme and scale of fees on a national basis, and it has published the scale fee for each local government organisation. The fee for the Council has been determined as £56,972 (exclusive of VAT) and will be fixed at this level for five years.

The Audit Commission has announced the replacement of the previous arrangements for certification fees based on hourly rates with a composite indicative fee. The published indicative fee for the Council is £12,300. This is based on certification fees for 2010-11 adjusted to reflect the fact that a number of schemes will no longer require certification, and incorporating a 40 per cent reduction.

Audit fee

Audit area	Proposed fee 2012-13	Actual fee 2011-12
Financial statements and value for money conclusion	£56,972	£94,953
Certification of claims and returns	£12,300	£21,000 (estimate)

Chartered Accountants

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Our value for money work will be based upon the two reporting criteria specified by the Audit Commission:

- whether the Council has proper arrangements in place for securing financial resilience; and
- whether the Council has proper arrangements for challenging how it secures economy, efficiency and effectiveness.

This work will be underpinned by a robust risk assessment to ensure that we focus on those areas where we need specific assurance in order to give our value for money conclusion or where arrangements at the Council need to be strengthened.

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

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

The contact details for key members of the audit team for 2012-13 are:

Engagement Lead	Barrie Morris	0117 305 7708
Audit Manager	Jenny Dwyer	0117 305 7647

We are 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 Head of Government Audit, Sarah Howard at sarah.howard@uk.gt.com.

Yours sincerely

BARRIE MORRIS
Director and Engagement Lead
For Grant Thornton UK LLP

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Appendix 1: Planned outputs

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

Table 1

Planned output	Indicative date
Audit plan	January 2013
ISA260 report to those charged with governance	September 2013
Auditor's report giving the opinion on the financial statements and value for money conclusion	September 2013
Value for money conclusion report	September 2013
Annual audit letter	November 2013
Certification work report	December 2013