

Chris Smith
 Treasurer
 Leicestershire Police Authority
 Police HQ
 St Johns
 Enderby
 Leicester
 LE19 2BX

1 April 2009

Dear Chris

Annual audit fee 2009/10

We are writing to set out our proposals for the indicative audit fee for Leicestershire Police Authority's 2009/10 audit. The indicative audit fee is based on the risk-based audit approach set out in the Audit Commission's Code of Audit Practice and work mandated by the Audit Commission for 2009/10.

As we have not yet completed our audit for 2008/09, the audit planning process for 2009/10, including a full audit 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 £75,138 (excluding VAT) which compares to the planned fee for 2008/09 of £73,020. At this stage this reflects a 2.9% increase in line with the increase in the Authority's grant settlement for 2009/10. A summary of this is shown in the table below.

Audit area	Indicative fee 2009/10	Planned fee 2008/09
	£	£
Financial statements	45,920	45,240
Use of Resources/VFM Conclusion (Note 1)	26,668	25,280
WGA (will be based on IFRS requirements from 2009/10)	2,550	2,500
Total indicative audit fee (Note 2)	£75,138	£73,020

Note 1; Includes additional liaison with other inspectorates following the introduction of joint Audit Commission/HMIC police inspections in 2009.

Note 2: The indicative fee does not include any additional audit requirements that may be required in relation to auditing the restatement of the opening balance sheet at 1 April 2009 and the restatement of the 2009/10 comparative figures under IFRS. We will update the audit plan and fees as and when further guidance is provided by the Audit Commission.

The Audit Commission has published its work programme and scales of fees 2009/10. The scale fee for Leicestershire Police Authority is £82,110 (based upon the 2009/10 base budget requirement figure). The fee proposed for 2009/10 is 8.5% below the scale fee.

Furthermore, in setting the fee at this level, we have assumed that the general level of risk in relation to the audit of the financial statements is not significantly different from that identified in 2008/09. A detailed plan for the 2009/10 audit, including the audit of the 2009/10 financial statements, will be issued in the autumn of 2009 following the completion of the audit of the 2008/09 financial statements and the CAA process. This will detail the risks identified, planned audit procedures and any proposed changes in fee. If we need to make any amendments to the audit fee during the course of the audit, we will first discuss this with you, as Treasurer to the Authority, and then prepare a report outlining the reasons why the fee needs to change for discussion with the Audit Committee.

Our work on use of resources informs the 2009/10 value for money conclusion. The use of resources assessments will be based upon 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.

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

The above fees exclude work requested by you that we have agreed to undertake in addition to our audit under the Code of Audit Practice. Each piece of work will be separately negotiated and a detailed project specification agreed with you. We have recently agreed with the Treasurer that we will undertake an IFRS impact assessment for the Authority at a cost of £12,000 + VAT. The agreed fee of £12,000 is outside of, and additional to, the agreed audit plan for 2008/09.

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

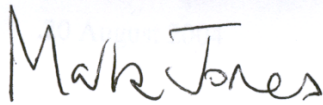
Engagement Leader:	Mark Jones - 01212322503 - mark.anthony.jones@uk.pwc.com
Audit Manager:	Sara Bagnall* - 01212656589 - sara.bagnall@uk.pwc.com
	Sarah Swan - 07971424195 - sarah.d.swan@uk.pwc.com
Team Leader:	Matthew Plummer - 07841564010 - matthew.plummer@uk.pwc.com

* Sara Bagnall is currently on maternity leave

We are committed to providing you with a high quality service. If you would like to discuss how we can improve our service, or if you are dissatisfied with any aspect of our services, please contact me in the first instance.

Alternatively, you may prefer to discuss matters with Paul Woolston, our Audit Commission Lead Partner at our office at 89 Sandyford Road, Newcastle Upon Tyne, NE99 1PL, or Richard Sexton, UK Head of Assurance, at our office at 1 Embankment Place, London, WC2N 6NN. In this way we can ensure that your concerns are dealt with carefully and promptly. We undertake to look into any complaint carefully and promptly and to do all we can to explain the position to you. This will not affect your right to complain to the Institute of Chartered Accountants in England and Wales or to the Audit Commission.

Yours sincerely



Mark A Jones
Director

Appendix 1: Planned outputs

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

Planned output	Indicative date
Audit plan	October 2009
Internal Control Issues and recommendations for improvement	March/April 2010
Report on the audit of the financial statements under International Standard on Auditing 260	September 2010
Auditor's report giving the opinion on the financial statements and value for money conclusion	September 2010
Use of resources report	September 2010
Annual Audit Letter	October 2010