

29 April 2009

Mr Kieran Preston
Clerk
West Yorkshire Integrated Transport Authority
Wellington House
40-50 Wellington Street
Leeds
LS1 2DE

Direct line 0844 7986696
Email j-talbot@audit-
commission.gov.uk

Dear Kieran

West Yorkshire Integrated Transport Authority - Audit fees letter 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 West Yorkshire Integrated Transport 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.

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 £43,464 (exclusive of VAT) which compares to the planned fee of £42,927 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	32,374	31,974
Use of Resources/VFM Conclusion [including risk based work]	10,125	10,000
WGA	965	953
Total audit fee	43,464	42,927

Certification of claims and returns	1,000	1,130
-------------------------------------	-------	-------

The Audit Commission has published its work programme and scales of fees 2009/10. The scale fee for the ITA is £66,900. The fee proposed for 2009/10 is 35 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 in 2008/09. A separate plan for the audit of the financial statements will be issued in December 2009. This will detail the risks identified, planned audit procedures and any changes in fee. The quoted fee for grant certification work is an estimate only and will be charged at published daily rates. 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 Chief Finance Officer and then prepare a report outlining the reasons why the fee needs to change for discussion with the Audit and Governance Committee.

My value for money conclusion 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 conclusion are set out in the Audit Commission's document 'Code of Audit Practice – VFM Conclusion Criteria'. I have identified a number of risks in relation to my value for money conclusion. For each risk, I consider the arrangements put in place by the ITA 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
New governance arrangements for transport following the Local Transport Act.	To be specified and agreed.	TBA
Longer term financial pressures.	No specific work planned but will consider ITA's response to these pressures as part of the managing finances part of our VFM Conclusion work.	N/A

How does the ITA ensure it is making best use of natural resources? New VFM Conclusion criteria for 2009/10.	This will be reviewed in detail as part of the VFM Conclusion work in 2009/10.	TBA
--	--	-----

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

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 – Julie Talbot 0844 798 6696

Team Leader – Sarah Lenton 0844 7986635

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 East, Yorkshire and Humberside Head of Operations (d-allso@audit-commission.gov.uk).

Yours sincerely

Paul Lundy
District Auditor

Appendix 1: Planned outputs

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

Table 1

Planned output	Indicative date
Audit plan	April 2009
VFM Conclusion memorandum	July 2010
Annual governance report	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
Final accounts memorandum	October 2010
Annual audit letter	November 2010
Specific projects	TBA