

18 April 2011

Ms Catherine Crawford
Chief Executive
Metropolitan Police Authority
10 Dean Farrar Street
London
SW1H 0NY

Direct line 0844 798 5814
Email k-mcconnell@audit-commission.gov.uk

Dear Catherine

Metropolitan Police Authority – Annual audit fee 2011/12

I am writing to confirm the audit work that we propose to undertake for the 2011/12 financial year at the Metropolitan Police 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:

- the audit of your financial statements;
- Value for money conclusion; and
- Whole of Government accounts (WGA).

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.

Audit fee

The Audit Commission sets 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, as follows:

- no inflationary increase in 2011/12 for audit and inspection scales of fees and the hourly rates for certifying claims and returns;
- 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 local authorities, police and fire and rescue authorities, reflecting lower continuing audit costs after implementing IFRS.

The scale fee for the Metropolitan Police Authority is £474,720. The scale fee is based on the planned 2010/11 fee, adjusted for the proposals summarised above.

The fee for the 2011/12 audit is shown in the table below. 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.

Audit area	Scale fee 2011/12	Planned fee 2010/11
Financial statements and WGA	£384,720	£414,000
Value for money conclusion	£90,000	£102,000
Total audit fee	£474,720	£516,000

The fee above does not include any additional audit work I will need to undertake on your part-year financial statements should the creation of the Mayor's Office for Policing and Crime go ahead on 1 October 2011. I will write to you separately to notify you of this fee once the relevant legislation has received Parliamentary approval and we are clearer on the accounting requirements and timescales. I will then issue a separate audit plan in January 2012. This will detail the risks identified to both the financial statements audit and the VFM conclusion and the procedures I plan to undertake.

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

My audit team will meet high specifications and should:

- understand you, your priorities and provide you with fresh, innovative 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
Karen McConnell Senior Director	k-mcconnell@audit-commission.gov.uk 0844 798 5814	Responsible for the overall delivery of the audit including the quality of outputs, signing the opinion and Value for money conclusion. Key contact for Deputy Mayor, MPA Chief Executive, Treasurer and members, in particular Corporate Governance Committee.
Neil Harris District Auditor	neil-harris@audit-commission.gov.uk 0844 798 2414	Oversees delivery of our opinion and Value for money audit work. Ensures our audit quality and financial targets are delivered. Leads audit team, including performance management and workforce planning. Key contact for the MPA Treasurer, MPS Deputy Commissioner, Director of Resources MPS Management Board.
Tom Edgell Audit Manager	t-edgell@audit-commission.gov.uk 0778 670 4178	Works to the District Auditor and to resource and manage the day-to-day audit. Leads on HMI liaison. Provides regular updates on audit progress through liaison with finance staff, Internal Audit and other key staff.
Thomas Collins Team Leader	t-collins@audit-commission.gov.uk 0844 798 2617	Manages and reviews work of the audit team and works with Audit Manager to deliver audit. Provides regular updates on audit progress through liaison with finance staff.

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 Standards & Technical, Audit Practice, Audit Commission, 1st Floor, Millbank Tower, Millbank, London SW1P 4HQ (c-westwood@audit-commission.gov.uk)

Yours sincerely



Karen McConnell
Senior Director

cc Mr Neil Harris, District Auditor
Mr Bob Atkins, MPA Treasurer
Ms Anne McMeel, MPS Director of Resources

Appendix 1- Planned outputs

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

Table 1

Planned output	Indicative date
Audit plan	January 2012
Annual governance report	September 2012
Auditor's report giving the opinion on the financial statements and value for money conclusion	September 2012
Opinion audit report to management	October 2012
Annual audit letter	November 2012