

AUDIT AND GOVERNANCE COMMITTEE

27 MAY 2011

ANNUAL AUDIT FEE 2011/2012

Report of the Executive Director of Commercial and Corporate Services

1. Purpose of the Report

1.1 The external auditors of the Council, the Audit Commission, are required annually, to set out the work that they intend to cover and the applicable fee for that work for the new financial year (2011/2012). This report informs the Committee of the recent notification for information and comment.

2. Annual Audit Fee for 2011/2012

2.1 Appendix 1 to this report shows the full notification received from the Audit Commission which details the audit work that they propose to undertake for the financial year 2011/2012 and their fee proposal for that work.

2.2 The details are set out in summary in the table below which shows the work to be covered and the applicable planned fees for 2011/2012 and how these compare to the previous year.

| Audit Activity | Planned fee 2011/2012 £ | Planned fee 2010/2011 £ |
|-------------------------------------|--|--|
| Proposed Audit Fee | 299,270 | 332,522* |
| Less Rebates | 0 | (31,937) |
| Adjusted Audit Fee | 299,270 | 300,585 |
| Certification of Grants and Returns | 42,910 | 43,960 |
| Total Fees | 342,180 | 344,545 |

2.3 The Audit fees set out above reflects the fact that the Council has been charged 3.4% below the *Scale fee of £344,153 for 2010/11, and has saved almost £32,000 from in year reductions reflecting transitional arrangements in place for all authorities to be charged the nationally agreed Scale fees from 2011/12. These savings are welcomed.

2.4 The cost of the grant work carried out continues to reduce year on year as the number of grants requiring full audit certification reduces and more reliance can be placed on the Council's systems and internal control environment, as well as the work undertaken and certified by the Council's Head of Internal Audit.

- 2.5 The Council's Scale fee for 2011/12 has been reduced to £299,270 and the saving to the Council has not replicated the national average level of reductions referred to in the letter from the auditors because the Council was previously being charged below the applicable Scale fees. However the continued reduction year on year in the overall audit fees is welcomed.
- 2.6 The Audit Commission's Audit Manager to the Council, Gavin Barker, will briefly present the report and respond to any comments or questions the Committee may have.

3. Recommendation

- 3.1 The Committee is recommended to:
- Note the contents of this report; and
 - Note the reduced audit fees for the work to be undertaken in 2011/2012, based on the Audit Commission's risk-based approach to audit planning.