

AUDIT AND GOVERNANCE COMMITTEE

29 June 2012

Annual Audit Fee 2012/2013 – Update

Report of the Executive Director of Commercial and Corporate Services

1. Purpose of the Report

- 1.1 Following an outsourcing of its own in house audit practice, the Audit Commission is expected to confirm shortly the appointment of Mazars as the Council’s auditor for the next 5 years commencing with the 2012/2013 audit. This appointment will run from 1st September 2012. The District Auditor will however remain the Council’s auditor for the conclusion of the 2011/12 audit.
- 1.2 The Audit Commission has set out the work they expect each firm to complete and the applicable fee for that work and have recently released the proposed fees for the new financial year (2012/2013). This report updates members of the latest information available for information and comment.

2. Proposed Annual Audit Fee for 2012/2013

- 2.1 Appendix 1 to this report shows the information provided by the Audit Commission which details the audit work that they expect to be undertaken for the financial year 2012/2013 and the scale fees for that work.
- 2.2 The details are set out in the table below shows the applicable planned fees for 2012/2013 and how these compare to the previous year which we understand are also being reviewed.

Audit Activity	Proposed fee 2012/2013 £	Planned fee 2011/2012 £	Amended fee 2011/2012 £
Proposed Audit Fee	179,562	299,270	275,328
Composite Certification Fee (Grants and Returns)	16,050	42,910	42,910
Total Indicative Fees	195,612	342,180	318,238

- 2.4 The Council’s Scale fee for 2011/12 is expected to be reduced by an 8% rebate which will, if confirmed, reduce the audit fees by £23,942 from £299,270 to £275,328. This reflects the Audit Commission’s drive to further reduce audit fees to local authorities in the light of the current economic position. This reduction is subject to confirmation but if agreed is welcomed by the Council.
- 2.5 The Council’s Scale fee for 2012/13 is also to be significantly reduced, by £119,708 from the scale fee for 2011/12 of £299,270, to £179,562 which reflects the Audit Commission’s promise to radically reduce audit fees to local authorities by 40% as

part of their recent tender exercise in awarding new contracts for the auditing of public bodies. The much reduced audit fees are also welcomed by the Council.

- 2.6 The cost of the grant certification 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 control environment. The fee set out by the Audit Commission for 2012/2013 is £16,050 which is a composite rate for all grant certification work that needs to be carried out which reflects the planned reduction in costs and the hourly rates set out in the Audit Commission's fee proposals document.
- 2.7 The current District Auditor and his audit team will transfer to Mazars from 1st November 2012 and our current understanding is that there are no proposed changes to key personnel involved on the Council's audit. As such a representative of the current audit team will be present to respond to any comments or questions members may have on this report.

3. Recommendation

3.1 The Committee is recommended to:

- Note the contents of this report
- Note the confirmed reduced audit fees for 2012/2013 based on the Audit Commissions revised scale fees following their new procurement exercise.

Background Papers

Audit Commission: Work Programme and Scales of Fees 2012/13 (Local government)