

TAUNTON DEANE BOROUGH COUNCIL

CORPORATE GOVERNANCE COMMITTEE 30TH JUNE 2009

Report of Strategic Director (Shirlene Adam)

(This matter is the responsibility of the Leader of the Council Cllr Henley)

ANNUAL EXTERNAL AUDIT FEE 2009/10

EXECUTIVE SUMMARY

This report is **for information only** and sets out the proposed external audit fees for 2009/10, and indicative timescales for the audit work..

1. Purpose of Report

- 1.1 To share details of the external audit fees, and the focus of the external audit work for 2009/10 with members of the Corporate Governance Committee.

2. The Details

- 2.1 Historically, the annual external audit and inspection plan has been shared with members of this committee. This year, the audit commission have separated this information in to two separate letters to the Council. The external audit details are managed by the District Auditor, and the inspection plans are managed by the Inspection division of the Commission.
- 2.2 The external audit fee letter is attached at Appendix A. The proposed audit fees are within the Councils approved budget.
- 2.3 The inspection fee letter is still under discussion and will be shared at the next meeting of this committee.

3. Recommendation

- 3.1 Members of the Corporate Governance Committee are requested to note the information provided re 2009/10 external audit work.

Contact Officer:

Shirlene Adam
Strategic Director
01823 356310



27 March 2009

Ms S Adam
 Strategic Director
 Taunton Deane Borough Council
 Deane House
 Belvedere Road
 Taunton
 Somerset

Direct line 01823 273178

Dear Shirlene

Annual audit fee 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 Taunton Deane Borough Council Council. 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; and
- reflects only the audit element of our work, excluding any inspection and assessment fees. Your Comprehensive Area Assessment Lead will be writing to you separately on these fees on behalf of the other inspectorates.

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 £105,800, which compares to the planned fee of £98,182 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	72,184	64,421
Use of Resources/VFM Conclusion [including risk based work]	31,400	29,561

WGA	2,016	2,200
Total audit fee	105,600	96,182

The Audit Commission has published its work programme and scales of fees 2009/10. The scale fee for Taunton Deane Borough Council is £111,438, which is £5,838 more than our proposed fee.

In setting the fee at this level, I have taken account of the risks associated with the introduction of new financial systems associated with the implementation of SAP from April 2009. 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. If I need to make any significant amendments to the audit fee during the course of the audit, I will first discuss this with you and then prepare a report outlining the reasons why the fee needs to change for discussion with the Corporate Governance Committee.

My use of resources assessments 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 assessment are set out in the Audit Commission's work programme and scales of fees 2009/10. My work on use of resources informs my 2009/10 value for money conclusion. However, I have identified a number of significant risks in relation to my value for money conclusion. For each risk, I consider the arrangements put in place by the Council 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
Medium term financial plan - funding gap.	We will review the Council's plan for dealing with the financial pressures on its General fund monitor progress throughout the year, as part of our work on Use of Resources.	March 2009–September 2009
Implementation of SAP from April 2009	We will document all the new material information systems in 2009/10 and carry out testing on the key controls in each of	December 2009–May 2010

	these.	
Core Council review	We will assess the impact of the review on the council's capacity as part of our work on Use of Resources.	March 2009– September 2009
International financial reporting standards (IFRS)	We will review the Council's preparations for the full implementation of IFRS from 2010-11.	December 2009 – September 2010

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 work 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 – Terry Bowditch 01823 273178

Team Leader – Stephen Clarke

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 South West Head of Operations, Bill Sanderson (b-sanderson@audit-commission.gov.uk).

Yours sincerely

Brian Bethell
District Auditor

cc Ms P James, Chief Executive
cc Mr J Williams, Chair, Corporate Governance Committee

Appendix 1: Planned outputs

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

Table 1

Planned output	Indicative date
Audit plan	December 2009
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	October 2009
Final accounts memorandum (to the Head of Finance)	October 2010
Annual audit letter	November 2010

21 April 2009

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Somerset

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