

TAUNTON DEANE BOROUGH COUNCIL

CORPORATE GOVERNANCE COMMITTEE 23rd MAY 2011

Report of the Strategic Director (Shirlene Adam).

This matter is the responsibility of the Leader of the Council, Cllr John Williams

AUDIT COMMISSION FEES 2011/12

Executive Summary

The indicative Audit Commission fee position for 2011/12 was shared in the report to the March Corporate Governance Committee.

This report shares the final fee position – as set out in Appendix 1.

1. Background

1.1 The Audit Commission's Audit Plan for 2010/11 was shared at the March meeting of the Corporate Governance Committee. The attached report from the Audit Commission provides details of the final agreed fee, and sets out the team that will be leading on the Taunton Deane work and the timescales for their reporting.

2. Financial Issues / Comments

2.1 The indicative audit fee of £144k is within the Councils budget for 2011/12.

3. Legal Comments

3.1 There are no legal implications from this report.

4. Links to Corporate Aims

4.1 No direct implications.

5. Environmental and Community Safety Implications

5.1 No direct implications.

6. Equalities Impact

6.1 No implications.

7. Risk Management

7.1 Any risks identified will feed in to the corporate risk management process.

8. Partnership Implications

8.1 No implications.

9. Recommendation

9.1 Members are requested to note the Audit Commission Audit Fee Letter for 2011/12.

Contact Officers:

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4 April 2011

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Dear Penny

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 Taunton Deane Borough Council. 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 financial statements
- Value for money conclusion
- Whole of Government accounts.

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 proposes to set 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 Taunton Deane Borough Council is £111,008. The scale fee is based on the planned 2010/11 fee, adjusted for the proposals summarised above, 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
Audit fee	£111,008	£116,850
Certification of claims and returns	£33,000	£34,250

I will issue a separate audit plan in December 2011. This will detail the risks identified to both the financial statements audit and the vfm conclusion. The audit plan will set out the audit procedures I plan to undertake and any changes in fee. If I need to make any significant amendments to the audit fee, I will first discuss this with the Shirlene Adam, Strategic Director. I will then prepare a report outlining the reasons the fee needs to change for discussion with the Corporate Governance Committee.

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

Your audit team must meet high specifications and must:

- 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
Brian Bethell District Auditor / Engagement Lead	b-bethell @audit- commission.gov.uk 07887 825584	Brian is responsible for the overall delivery of the audit including the quality of

		outputs, liaison with the Chief Executive and Chair of the Corporate Governance Committee and issuing the auditor's report.
Peter Lappin Audit Manager	p-lappin@audit-commission.gov.uk 07909 930437	Peter manages and coordinates the different elements of the audit work. Key point of contact for the Strategic Director
Rachel Bishop Team Leader	r-bishop@audit-commission.gov.uk 07966 927718	Rachel has experience of auditing the financial statements of large local authorities. She will lead the on-site team in delivering the audit.

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

Yours sincerely

Brian Bethell
District Auditor

cc Shirlene Adam, Strategic Director

cc Chair of the Corporate Governance Committee

Appendix 1- Planned outputs

I will discuss and agree my reports with officers before issuing them to the Corporate Governance Committee.

Table 1

Planned output	Indicative date
Audit plan	December 2011
Annual governance report	September 2012
Auditor's report giving the opinion on the financial statements and value for money conclusion	September 2012
Final accounts memorandum (to the Strategic Director	October 2012
Annual audit letter	November 2012
Annual claims and returns report	February 2013