

# Taunton Deane Borough Council

## Corporate Governance Committee 21 June 2016

### External Audit Fees 2016/17

Leader of the Council: Councillor John Williams

Report Author: Jo Nacey Senior Accountant and Deputy S151 Officer

#### **1 Purpose of the Report**

1.1 This report details the fee forecast for external audit services in 2016/17.

#### **2 Recommendations**

2.1 Members are requested to note the Report.

#### **3 Background and Full details of the Report**

3.1 Each year our external auditors, Grant Thornton, provide details of the forecast fees to be charged for the main audit and the grant certification work relating to the current year.

3.2 The attached letter provides details of the fees and the schedule of payments. Grant Thornton have also provided an outline audit timetable to show the phasing of their work.

3.3 Any additional audit work, outside of the planned audit and grant certification work will be billed separately and will be an addition to the fee quoted.

#### **4 Links to Corporate Aims / Priorities**

4.1 There are no direct implications.

#### **5 Finance / Resource Implications**

5.1 The total indicative audit fee is £58,422. This amount is split between the fee for the main audit of £50,629 (which is the same as last year) and the grant certification work of £7,793 (which represents a reduction of £3,172 from the previous year).

#### **6 Legal Implications**

6.1 There are no legal implications from this report.

## **7 Environmental Impact Implications**

7.1 There are no direct implications.

## **8 Community Safety Implications**

8.1 There are no direct implications.

## **9 Equality and Diversity Implications**

9.1 There are no direct implications.

## **10 Social Value Implications**

10.1 There are no direct implications.

## **11 Partnership Implications**

11.1 There are no direct implications.

## **12 Health and Wellbeing Implications**

12.1 There are no direct implications.

## **13 Asset Management Implications**

13.1 There are no direct implications.

## **14 Consultation Implications**

14.1 There are no direct implications.

### **List of Appendices**

Appendix A	Grant Thornton – Audit Fee Letter for 2016/17 dated 6 April 2016
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### **Contact Officers**

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6 April 2016

Dear Shirlene

### **Planned audit fee for 2016/17 – Taunton Deane Borough Council**

The Local Audit and Accountability Act 2014 provides for the introduction of a new framework for local public audit. Under these provisions, the Audit Commission closed in March 2015 and the Secretary of State for Communities and Local Government delegated some statutory functions from the Audit Commission Act 1998 to Public Sector Audit Appointments Limited (PSAA) on a transitional basis.

PSAA will oversee the Commission's audit contracts for local government bodies until they end in 2018, following the announcement by the Department for Communities and Local Government (DCLG) that it will extend transitional arrangements until 2017/18. PSAA's responsibilities include setting fees, appointing auditors and monitoring the quality of auditors' work. Further information on PSAA and its responsibilities are available on the [PSAA website](#).

### **Scale fee**

PSAA prescribes that 'scale fees are based on the expectation that audited bodies are able to provide the auditor with complete and materially accurate financial statements, with supporting working papers, within agreed timescales'.

There are no planned changes to the overall work programme for local government audited bodies for 2016/17, bar the adoption of new measurement requirements for the Highways Network Asset. As Taunton Deane Borough Council do not have a Highways Network Asset, this does not apply.

PSAA have proposed that 2016/17 scale audit fees are set at the same level as the scale fees applicable for 2015/16. The Council's scale fee for 2016/17 has been set by PSAA at £50,629.

The audit planning process for 2016/17, including the risk assessment, will continue as the year progresses and fees will be reviewed and updated as necessary as our work progresses.

### **Scope of the audit fee**

Under the provisions of the Local Audit and Accountability Act 2014, the National Audit Office (NAO) is responsible for publishing the statutory Code of Audit Practice and guidance for auditors from April 2015. Audits of the accounts for 2016/17 will be undertaken under this Code, on the basis of the work programme and scale fees set out on the [PSAA website](#). Further information on the NAO Code and guidance is available on the [NAO website](#).

The scale fee covers:

- our audit of your financial statements; and
- our work to reach a conclusion on the economy, efficiency and effectiveness in your use of resources (the value for money conclusion).

PSAA will agree fees for considering objections from the point at which auditors accept an objection as valid, or any special investigations, as a variation to the scale fee.

### **Value for Money conclusion**

The Code requires us to consider whether the Council has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources. This is known as the Value for Money (VfM) conclusion.

The NAO issued its guidance for auditors on value for money work in November 2015. The guidance states that for local government bodies, auditors are required to give a conclusion on whether the Council has put proper arrangements in place.

The NAO guidance identifies one single criterion for auditors to evaluate:

*In all significant respects, the audited body takes properly informed decisions and deploys resources to achieve planned and sustainable outcomes for taxpayers and local people.*

### **Certification of grant claims and returns**

The Council's indicative grant certification fee has been set by PSAA at £7,793. This fee covers the cost of certifying the housing benefit subsidy claim only and is based on final 2014/15 certification fees.

The indicative fee for certification work is based on the expectation that you provide the auditor with complete and materially accurate claims and returns, with supporting working papers, within agreed timeframes.

Assurance engagements for other schemes will be subject to separate arrangements and fees agreed between the grant-paying body, the Council and ourselves

### Billing schedule

Fees will be billed as follows:

<b>Main Audit fee</b>	<b>£</b>
September 2016	12,657.25
December 2016	12,657.25
March 2017	12,657.25
June 2017	12,657.25
<b>Total</b>	<b>50,629.00</b>

<b>Grant Certification</b>	
December 2017	7,793.00

### Outline audit timetable

We will undertake our audit planning and interim audit procedures in November 2016 to March 2017. Upon completion of this phase of our work we will issue a detailed audit plan setting out our findings and details of our audit approach. Our final accounts audit and work on the VfM conclusion will be completed in June – August 2017.

<b>Phase of work</b>	<b>Timing</b>	<b>Outputs</b>	<b>Comments</b>
Audit planning and interim audit	November 2016 – March 2017	Audit plan	The plan summarises the findings of our audit planning and our approach to the audit of the Council's accounts and VfM.
Final accounts audit	June – August 2017	Audit Findings (Report to those charged with governance)	This report sets out the findings of our accounts audit and VfM work for the consideration of those charged with governance.
VfM conclusion	January – August 2017	Audit Findings (Report to those charged with governance)	As above
Annual audit letter	October 2017	Annual audit letter to the Council	The letter will summarise the findings of all aspects of our work.
Grant certification	June – October 2017	Grant certification letter	A letter summarising the findings of our grant certification work

**Our team**

The key members of the audit team for 2016/17 are:

	<b>Name</b>	<b>Phone Number</b>	<b>E-mail</b>
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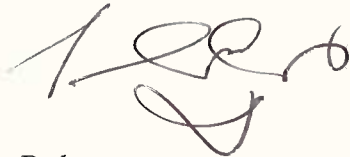
**Additional work**

The scale fee excludes any work requested by the Council that we may agree to undertake outside of our Code audit. Each additional piece of work will be separately agreed and a detailed project specification and fee agreed with the Council.

**Quality assurance**

We are 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 Jon Roberts, our Public Sector Assurance regional lead partner, via jon.roberts@uk.gt.com.

Yours sincerely



Peter Barber  
Engagement Lead

For Grant Thornton UK LLP