

# Taunton Deane Borough Council

## Corporate Governance Committee – 19 May 2014

### External Audit Fees 2014/15

#### Report of the Assistant Director - Corporate Services (Richard Sealy)

(This matter is the responsibility of the Leader of the Council, Councillor John Williams)

#### 1. Executive Summary

The report details the fee position for external audit services for 2014/15.
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#### 2. Background

- 2.1 The external audit function for Taunton Deane transferred from the Audit Commission to Grant Thornton during 2012. This change was part of a national programme of “outsourcing” the external audit work and has resulted in significant savings for local authorities.
- 2.2 The attached letter provides details of the agreed fee for 2014/15.
- 2.3 The letter also sets out details of the process and timetable for completing the external audit work for 2014/15 together with details of the team who will lead the work. However, since receiving the letter we have been notified of a change to the team – Peter Lappin will be replaced by Ashley Allen as Engagement Manager. Peter is moving on to other responsibilities within Grant Thornton.
- 2.4 Any additional audit work, outside of the planned audit and grant fee work, will be billed separately and in addition to the fee quoted.

#### 3. Finance Comments

- 3.1 The indicative audit fee for 2014/15 is £76,955. The £76,955 is split between the fee for the main audit of £66,605 (which remains the same as the previous year) and the grant certification work of £10,350 (which represents a reduction of £7,210 from the previous year).
- 3.2 The fee is within the Council’s budget allocation for 2014/15.

#### 4. Legal Comments

- 4.1 There are no legal implications from this report.

## **5. Links to Corporate Aims**

5.1 There are no direct implications.

## **6. Environmental Implications**

6.1 There are no direct implications.

## **7. Community Safety Implications**

7.1 There are no direct implications.

## **8. Equalities Impact**

8.1 There are no implications arising from this fee reduction.

## **9. Risk Management**

9.1 No specific risks have been identified in relation to the fee reduction.

## **10. Partnership Implications**

10.1 There are no implications.

## **11. Recommendations**

11.1 Members are requested to note the Grant Thornton Audit Fee letter for 2014/15.

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14 April 2014

Dear Penny

## **Planned audit fee for 2014/15**

The Audit Commission has set its proposed work programme and scales of fees for 2014/15. In this letter we set out details of the audit fee for the Council along with the scope and timing of our work and details of our team.

## **Scale fee**

The Audit Commission defines the scale audit fee as “the fee required by auditors to carry out the work necessary to meet their statutory responsibilities in accordance with the Code of Audit Practice. It represents the best estimate of the fee required to complete an audit where the audited body has no significant audit risks and it has in place a sound control environment that ensures the auditor is provided with complete and materially accurate financial statements with supporting working papers within agreed timeframes.”

The Council's scale fee for 2014/15 has been set by the Audit Commission at £66,605, which is unchanged from the fee for 2013/14.

Further details of the work programme and individual scale fees for all audited bodies are set out on the Audit Commission's website at: [www.audit-commission.gov.uk/audit-regime/audit-fees/proposed-work-programme-and-scales-of-fees-201415](http://www.audit-commission.gov.uk/audit-regime/audit-fees/proposed-work-programme-and-scales-of-fees-201415)

The audit planning process for 2014/15, 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**

The scale fee covers:

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

### **Chartered Accountants**

Member firm within Grant Thornton International Ltd

Grant Thornton UK LLP is a limited liability partnership registered in England and Wales: No.OC307742. Registered office: Grant Thornton House, Melton Street, Euston Square, London NW1 2EP

A list of members is available from our registered office.

### **Value for Money conclusion**

Under the Audit Commission Act, we must be satisfied that the Council has adequate arrangements in place to secure economy, efficiency and effectiveness in its use of resources, focusing on the arrangements for:

- securing financial resilience; and
- prioritising resources within tighter budgets.

We undertake a risk assessment to identify any significant risks which we will need to address before reaching our value for money conclusion. We will assess the Council's financial resilience as part of our work on the VfM conclusion and a separate report of our findings will be provided.

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

The Council's composite indicative grant certification fee has been set by the Audit Commission at £10,390.

### **Billing schedule**

Fees will be billed as follows:

<b>Main Audit fee</b>	<b>£</b>
September 2014	16,652
December 2014	16,651
March 2015	16,651
June 2015	16,651
	66,605
<b>Grant Certification</b>	
December 2015	10,390
<b>Total</b>	<b>76,995</b>

### **Outline audit timetable**

We will undertake our audit planning and interim audit procedures in December 2014 to February 2015. 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 from July to September 2015 and work on the whole of government accounts return in September 2015.

Phase of work	Timing	Outputs	Comments
Audit planning and interim audit	December 2014 to February 2015	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 to Sept 2015	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	Jan to Sept 2015	Audit Findings (Report to those charged with governance)	As above
Financial resilience	Jan to Sept 2015	Financial resilience report	Report summarising the outcome of our work.
Whole of government accounts	September 2015	Opinion on the WGA return	This work will be completed alongside the accounts audit.
Annual audit letter	October 2015	Annual audit letter to the Council	The letter will summarise the findings of all aspects of our work.
Grant certification	June to December 2015	Grant certification report	A report summarising the findings of our grant certification work

### Our team

The key members of the audit team for 2014/15 are:

	Name	Phone Number	E-mail
Engagement Lead	Peter Barber	0117 305 7897 07880 456122	<a href="mailto:peter.a.barber@uk.gt.com">peter.a.barber@uk.gt.com</a>
Engagement Manager	Peter Lappin	0117 305 7865 07880 456135	<a href="mailto:peter.lappin@uk.gt.com">peter.lappin@uk.gt.com</a>
Audit Executive	Sarah Crouch	0117 305 7881	<a href="mailto:sarah.crouch@uk.gt.com">sarah.crouch@uk.gt.com</a>

### 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 John Golding, our Public Sector Assurance regional lead partner [john.golding@uk.gt.com](mailto:john.golding@uk.gt.com).

Yours sincerely



Peter Barber  
For Grant Thornton UK LLP

cc Shirlene Adam, Director of Operations