

**TONBRIDGE & MALLING BOROUGH COUNCIL**

**AUDIT COMMITTEE**

**14 February 2008**

**Report of the Director of Finance**

**Part 1- Public**

**Matters for Information**

**1 AUDIT COMMISSION – PROPOSED WORK PROGRAMME AND FEE SCALES 2008/09**

**A report informing Members of the receipt of the Audit Commission's proposed Work Programme and Fee Scales for 2008/09, and indicative fee proposals for 2009/10 and 2010/11.**

**1.1 Introduction**

1.1.1 Attached for information at **[Annex 1]** is a document recently received from the Audit Commission regarding the proposed work programme and fee scales for 2008/09, and indicative fee proposals for 2009/10 and 2010/11. Members should note that this is technically a consultation process, with a request for comments by 11 January 2008.

1.1.2 The document sets out the Commission's responsibilities, and the work programme is designed to discharge those responsibilities. The document outlines at a high level the work that the Audit Commission plans to undertake in the local government and housing sectors in 2008/09 and the associated scales of audit and inspection fees for 2008/09, and indicative fee proposals for 2009/10 and 2010/11.

1.1.3 Audit fees will increase from 2008/09 onwards to reflect a number of changes:

- The government's decision, announced in the 2007 Budget, that the public sector should prepare accounts in accordance with International Financial Reporting Standards from 2008/09, which is likely to impact on local government in 2010/11.
- Changes to professional auditing standards, with which auditors have a statutory duty to comply, and which are expected to apply from 2009/10.
- The expanded scope of the proposed new approach to auditors' assessments of the value for money in the use of resources, which will apply from 2008/09.

- 1.1.4 As a result of the above there is to be an above inflation increase in audit fees over the three-year period 2008/09 to 2010/11. The Audit Commission may increase or reduce the fee by as much as 30% if the work required is substantially more or less than that envisaged by the scale fee. We are hopeful that this discretion should see our fee being set at or around the current budget provision.
- 1.1.5 On this occasion we had, but one comment to make in response to the question: *Would you prefer a smoothed increase in fees over the next three years, allowing for the fact that future fees would have to compensate the Commission for income foregone in year one?* To which the answer given was no as this would result in more being paid over by way of fees over the three-year period. A copy of the Local Government Association response to the proposed fee levels is attached for information at **[Annex 2]**.
- 1.1.6 Members are reminded in addition to this high level work programme, each year the Commission's appointed auditors also draw up detailed plans with each audited body based on the auditor's assessment of the financial and operational risks facing the organisation and the arrangements put in place to manage those risks which will be reported to members when received.

## **1.2 Legal Implications**

- 1.2.1 Legally, we have no choice but to note and accept the final version of the work programme and fee scales for 2008/09 and will continue to cooperate and work with our external auditors who serve us.

## **1.3 Financial and Value for Money Considerations**

- 1.3.1 The proposed fee scales can be met from existing budgets subject to the qualification outlined at paragraph 1.1.4.

## **1.4 Risk Assessment**

- 1.4.1 None.

Background papers:

contact: Neil Lawley

Nil

Sharon Shelton  
Director of Finance