

TONBRIDGE & MALLING BOROUGH COUNCIL

AUDIT COMMITTEE

21 October 2008

Report of the Director of Finance

Part 1- Public

Matters for Information

1 AUDIT COMMISSION – PROPOSED WORK PROGRAMME AND FEE SCALES 2009/10

This report informs members of the receipt of the Audit Commission's Proposed Work Programme and Fee Scales for 2009/10, and indicative fee levels for 2010/11 and 2011/12.

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 2009/10, and indicative fee levels for 2010/11 and 2011/12. Members should note that this is technically a consultation process, with a request for comments by 7 November 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, housing and community safety sectors during 2009/10, together with the proposed fee scales for 2009/10 and indicative fee levels for 2010/11 and 2011/12.
- 1.1.3 The Commission may charge a fee which is larger or smaller than the scale fee to reflect the actual work that auditors need to do to meet their statutory responsibilities. It will do this on the basis of the auditor's assessment of risk and the scale and complexity of the audit at a particular body. On this basis our 2007/08 scale fee was reduced by 10%.
- 1.1.4 The Audit Commission are proposing a net increase for inflation of 1.25% in the scales of audit fees in 2009/10, after allowing for efficiency savings by the Commission of 3%.
- 1.1.5 The indicative increase in fees for 2010/11 is a net increase for inflation of 1.25%, after allowing for efficiency savings by the Commission of 3% and an increase of

6% to reflect the additional costs arising from the introduction of International Financial Reporting Standards.

- 1.1.6 For 2011/12 the Commission envisage fees increasing by no more than the Bank of England's inflation target level of 2% and a reduction in audit fees of 3% to reflect the reduction in the ongoing audit costs arising from the transition to International Financial Reporting Standards.
- 1.1.7 On this occasion we have no comments to make in response to the consultation.
- 1.1.8 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 2009/10 and will continue to cooperate with our external auditors who serve us.

1.3 Financial and Value for Money Considerations

- 1.3.1 On the assumption that we continue to receive a reduction of 10% on the scale fee as outlined at paragraph 1.1.3 the proposed fee scales can be met from within existing budgets.

1.4 Risk Assessment

- 1.4.1 None.

Background papers:

contact: Neil Lawley

Nil

Sharon Shelton
Director of Finance