

TONBRIDGE & MALLING BOROUGH COUNCIL

AUDIT COMMITTEE

26 January 2015

Report of the Director of Finance and Transformation

Part 1- Public

Delegated

1 AUDIT COMMISSION – PROPOSED WORK PROGRAMME AND SCALES OF FEES 2015/16

This report informs Members of the Audit Commission's Proposed Work Programme and Scales of Fees for 2015/16.

1.1 Introduction

- 1.1.1 Attached for information at **[Annex 1]** is the Audit Commission's 2015/16 Proposed Work Programme and Scales of Fees. Members should note that this is technically a consultation process and the return date for comments was 9 January 2015. It was considered on this occasion there were no particular comments that needed to be made in response to the consultation.
- 1.1.2 As Members will be aware, the Commission announced significant reductions in audit fees from 2012/13 onwards, following an exercise to outsource the work of its in-house audit practice. These fee reductions were achieved as a combined result of the Commission's bulk purchasing power and internal efficiency savings. When the Commission announced the reductions, it said it expected these lower audit fees to apply for five years, from 2012/13 to 2016/17, subject to annual review.
- 1.1.3 The Commission do not plan to make any changes to the work programme for 2015/16, but are proposing to reduce scale fees by a further 25% as a result of a recent procurement exercise to retender the work undertaken under their older contracts with audit firms.
- 1.1.4 From 1 April 2015, Public Sector Audit Appointments Limited (PSAAL), set up by the Local Government Association as an independent company, will oversee the Commission's audit contracts until they end in 2017, or 2020 if extended by DCLG. PSAAL's responsibilities will include setting fees, appointing auditors and monitoring the quality of auditors' work. The responsibility for making arrangements for housing benefit subsidy certification and for publishing the Commission's value for money profiles tool will also transfer to PSAAL. The Commission's other functions will also transfer to new organisations, with local value for money studies as well as responsibility for the Code of Audit Practice

transferring to the National Audit Office, the National Fraud Initiative to the Cabinet Office, and the counter-fraud functions to the Chartered Institute of Public Finance and Accountancy (CIPFA).

- 1.1.5 The Audit Commission plan to publish the confirmed work programme and scales of fees for 2015/16 in March 2015.

1.2 Legal Implications

- 1.2.1 Legally, we have no choice but to accept the final version of the 2015/16 Work Programme and Scales of Fees and will continue to cooperate with our external auditors who serve us.

1.3 Financial and Value for Money Considerations

- 1.3.1 The audit fee for 2015/16 is given as £45,776 and the indicative fee for grant certification work is £16,200.

1.4 Risk Assessment

- 1.4.1 None.

1.5 Equality Impact Assessment

- 1.5.1 The decisions recommended through this paper have a remote or low relevance to the substance of the Equality Act. There is no perceived impact on end users.

1.6 Recommendations

- 1.6.1 Members are **RECOMMENDED** to note and endorse the Audit Commission's proposed 2015/16 Work Programme and Scales of Fees.

Background papers:

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Nil

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