

External Audit Fee Letter 2018/19

Final Decision-Maker	Audit, Governance and Standards Committee
Lead Head of Service/Lead Director	Mark Green, Director of Finance and Business Improvement
Lead Officer and Report Author	Ellie Dunnet, Head of Finance
Classification	Public
Wards affected	All

Executive Summary

This report sets out the planned fee for external audit work in relation to the 2018/19 financial statements audit and value for money conclusion.

This report makes the following recommendations to this Committee:

1. That the fee of £38,866 for the 2018/19 financial statements audit and value for money conclusion be noted.

Timetable

Meeting	Date
Audit, Governance and Standards Committee	30 July 2018

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1. INTRODUCTION AND BACKGROUND

Audit Fee 2018/19

- 1.1 Following the decision of this Committee for the Council to opt in to the national scheme for auditor appointments, Public Sector Audit Appointments Limited (PSAA) appointed Grant Thornton UK LLP as the Council's external auditor. This is a five year appointment commencing in 2018/19.
- 1.2 PSAA also have responsibility for prescribing audit fees for opted-in bodies. The planned fees for 2018/19 were published by PSAA in March 2018, and have set the fee for Maidstone Borough Council at £38,866 which represents a 23% decrease from the fee charged in 2017/18.
- 1.3 It should be noted that the letter does not set out the planned fee for certification of the housing benefit subsidy claim, as this work falls outside the PSAA contract.
- 1.4 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 timeframes'.
- 1.5 Further details regarding the scope of the audit fee and work planned for 2018/19 are set out within the letter from Grant Thornton attached at Appendix 1 to this report. A representative from Grant Thornton will be present at the meeting and able to answer any questions relating to this letter.

Audit Team

- 1.6 The Committee should note that as detailed in the letter at Appendix 1, 2017/18 will be Darren Wells' final year as Engagement Lead for the audit. Having working with Maidstone for the last seven years, he is now required to rotate off the audit in order to maintain an appropriate degree of independence. Darren will be replaced by Elizabeth Jackson, an experienced auditor who has worked with Maidstone previously.

2. AVAILABLE OPTIONS

- 2.1 The Committee is asked to note this report. No alternative options are proposed as the Committee has previously taken the decision to opt in to the national scheme for the appointment of auditors and setting of fees. as the council has a statutory obligation to have its accounts externally audited.
- 2.2 As the Council has a statutory obligation to have its accounts audited annually, the 'Do Nothing' option does not apply.

3. PREFERRED OPTION AND REASONS FOR RECOMMENDATIONS

- 3.1 As stated elsewhere in this report, Committee members are asked to note the planned audit fee of £38,866 for 2018/19.
- 3.2 PSAA has consulted with associations of local authorities, audited bodies and other stakeholders prior to setting the fees, and the planned fee is considered to have been set at a reasonable level.
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4. RISK

- 4.1 This report is presented for information only and has no risk management implications.
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5. CONSULTATION RESULTS AND PREVIOUS COMMITTEE FEEDBACK

- 5.1 PSAA has consulted with associations of local authorities, audited bodies and other stakeholders prior to setting the fees, and the planned fee is considered to have been set at a reasonable level.
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6. NEXT STEPS: COMMUNICATION AND IMPLEMENTATION OF THE DECISION

- 6.1 This is detailed within the letter attached at Appendix 1.
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7. CROSS-CUTTING ISSUES AND IMPLICATIONS

Issue	Implications	Sign-off
Impact on Corporate Priorities	We do not expect the recommendations will by themselves materially affect achievement of corporate priorities. The council has a statutory obligation to have its accounts externally audited, and this process underpins the council's ability to demonstrate accountability to taxpayers.	Head of Finance
Risk Management	There is risk that the council could incur additional fees if the	Head of

	external auditor identifies significant issues which give rise to additional audit work needing to be undertaken. Officers will work closely with Grant Thornton throughout the year in order to minimise this risk.	Finance
Financial	The proposed 2018/19 audit fee of £38,866 represents a decrease of £11,609 from the 2017/18 fee of £50,475. This saving has been incorporated into the Council's financial planning.	Head of Finance
Staffing	No implications identified.	Head of Finance
Legal	No implications identified.	Head of Finance
Privacy and Data Protection	No implications identified.	Head of Finance
Equalities	No implications identified.	Head of Finance
Crime and Disorder	No implications identified.	Head of Finance
Procurement	No implications identified.	Head of Finance

8. REPORT APPENDICES

The following documents are to be published with this report and form part of the report:

- Appendix 1: External Audit Fee Letter 2018/19