

MAIDSTONE BOROUGH COUNCIL

AUDIT COMMITTEE

26 NOVEMBER 2012

REPORT OF HEAD OF FINANCE & CUSTOMER SERVICES

Report prepared by Paul Holland
Senior Accountant (Client)

1. EXTERNAL AUDIT FEES 2012/13

1.1 Issue for Decision

1.1.1 To consider the proposed reduction in external audit fees for the 2012/13 audit.

1.2 Recommendation of Head of Finance & Customer Services

1.2.1 That the Committee notes the proposed reduction in audit fees to £66,400 for the 2012/13 audit.

1.3 Reasons for Recommendation

1.3.1 The Audit Commission has now ceased the undertaking of public sector external audits and following a tendering process Grant Thornton have now been appointed as the Council's external auditors for the next five years.

1.3.2 Their Main Audit fee for 2012/13 has been set at £66,400, compared to a fee of £110,666, a reduction of 40%. In addition their estimated fee for Grant Certification work has been set at £17,600. A copy of their letter advising of the fees is attached as Appendix A.

1.4 Alternative Action and why not Recommended

1.4.1 There are no alternative actions. The Council is required to have its Statement of Accounts externally audited.

1.5 Impact on Corporate Objectives

1.5.1 There is no specific impact on Corporate Objectives.

1.6 Risk Management

1.6.1 There is the risk of additional fees being incurred should the external audit process identify any extra work that needs to be done, particularly given that the audit fee has been reduced substantially, meaning that the external auditors will be under pressure to control their own costs. Following the issues identified that arose during the external audit for 2011/12 officers will be working with Grant Thornton to ensure that the Council minimises the risk of incurring additional fees.

1.7 Other Implications

1.7.1

1.	Financial	X
2.	Staffing	
3.	Legal	
4.	Equality Impact Needs Assessment	
5.	Environmental/Sustainable Development	
6.	Community Safety	
7.	Human Rights Act	
8.	Procurement	
9.	Asset Management	

1.7.2 The financial implications are detailed in the report.

IS THIS A KEY DECISION REPORT?

Yes

No

If yes, when did it first appear in the Forward Plan?

.....

This is a Key Decision because:

.....

Wards/Parishes affected:

.....