

# Audit, Governance & Standards

11 July 2016

Is the final decision on the recommendations in this report to be made at this meeting?

Yes

## External Audit Fee Letter 2016-17

<b>Final Decision-Maker</b>	Audit, Governance & Standards Committee
<b>Lead Director or Head of Service</b>	Mark Green, Director of Finance & Business Improvement
<b>Lead Officer and Report Author</b>	Ellie Dunnet, Chief Accountant
<b>Classification</b>	Non-exempt
<b>Wards affected</b>	N/A

### This report makes the following recommendations to the final decision-maker:

1. That the committee notes the proposed audit fee of £61,893 for 2016-17 audit work to be undertaken by Grant Thornton.

### This report relates to the following corporate priorities:

- Keeping Maidstone Borough an attractive place for all
- Securing a successful economy for Maidstone Borough

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.

### Timetable

<b>Meeting</b>	<b>Date</b>
Audit, Governance & Standards Committee	11 July 2016

# External Audit Fee Letter 2016-17

## 1. PURPOSE OF REPORT AND EXECUTIVE SUMMARY

- 1.1 This report communicates the proposed external audit fee for 2016-17, as set by Public Sector Audit Appointments Ltd under transitional arrangements arising from the introduction of the Local Audit and Accountability Act 2014.
- 

## 2. INTRODUCTION AND BACKGROUND

- 2.1 The council's external auditors for 2016-17 are Grant Thornton as in previous years. Following the closure of the Audit Commission, responsibility for overseeing the current audit contract and setting fees from 2016-17 onwards has been passed to Public Sector Audit Appointments Ltd.
- 2.2 The letter from Grant Thornton attached at **Appendix I** sets out the details of the 2016-17 fee including the scope and timing of planned audit work for the forthcoming year.

## 3. AVAILABLE OPTIONS

- 3.1 The committee are asked to note this report. There are no alternative options as the council has a statutory obligation to have its accounts externally audited.
- 

## 4. PREFERRED OPTION AND REASONS FOR RECOMMENDATIONS

- 4.1 As stated elsewhere in this report, the committee are asked to note the proposed audit fee for 2016-17.
  - 4.2 The main audit fee for the financial statements audit and value for money conclusion for 2016-17 is £50,475, and the indicative fee for grant claim certification work has been set at £11,418 for the certification of the housing benefits subsidy claim.
  - 4.3 Scale fees for 2016/17 have been set at the same level as the fees applicable for 2015/16, which were set by the Audit Commission before it closed. Audit fees were reduced in 2015/16 by 25 per cent based on the fees applicable for the previous year, in addition to the 40 per cent reduction in fees from 2012/13. It is currently anticipated that fees will remain at the same level for the remainder of the audit contract, providing there are no significant changes to auditors' work, and subject to annual review.
-

## 5. CROSS-CUTTING ISSUES AND IMPLICATIONS

Issue	Implications	Sign-off
<b>Impact on Corporate Priorities</b>	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.	Section 151 Officer
<b>Risk Management</b>	There is risk that the council could incur additional fees if the 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.	Section 151 Officer & Finance Team
<b>Financial</b>	The proposed 2016-17 audit and grant claim certification fees of £50,475 and £11,418 respectively represent no change from the 2015-16 fees.	Section 151 Officer & Finance Team
<b>Staffing</b>	Not applicable	
<b>Legal</b>	Not applicable	
<b>Equality Impact Needs Assessment</b>	Not applicable	
<b>Environmental/Sustainable Development</b>	Not applicable	
<b>Community Safety</b>	Not applicable	
<b>Human Rights Act</b>	Not applicable	
<b>Procurement</b>	Not applicable	
<b>Asset Management</b>	Not applicable	

## 6. REPORT APPENDICES

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

- **Appendix I:** External Audit Fee Letter 2016-17

## 7. BACKGROUND PAPERS

None