

AUDIT COMMITTEE

26 June 2014

ANNUAL AUDIT FEES 2014/15

REPORT OF CHIEF FINANCE OFFICER

Contact Officer: Liz Keys Tel No: 01962 848226 Email: LKeys@winchester.gov.uk

RECENT REFERENCES:

None

EXECUTIVE SUMMARY:

The Indicative Annual Audit and Certification Fees for 2014/15 were notified to the Council in April. The audit fee covers the audit of the financial statements; value for money conclusion; and the Whole of Government Accounts audit work. There is also a fee for the certification of grants and claims.

The fee for the five years of the Audit Commission's contract with Ernst & Young has been set at a fixed rate of £74,214 for each year's audit. The indicative fee for the grants certification work is specific to each year, and is £11,310 for 2014/15 (previously indicated at £16,000). The Committee's attention is drawn to the assumptions that the indicative fee is based on and the possibility of further fees.

Representatives of Ernst & Young will attend the meeting to present their proposals and provide any points of clarification.

RECOMMENDATIONS:

That the Audit Committee approves the indicative annual audit fee for 2014/15.

OTHER CONSIDERATIONS:

1. SUSTAINABLE COMMUNITY STRATEGY AND PORTFOLIO PLANS (RELEVANCE TO):
 - 1.1. Preparation of the Statement of Accounts is fundamental to the operation of the Council. Achieving corporate priorities must go in hand with accounting for how the public's money has been spent.

2. RESOURCE IMPLICATIONS:
 - 2.1. Having outsourced the work of the Audit Commission audit practice and awarded the five-year contracts to four private sector firms, the Commission secured significant reductions in the cost of audit services. Together with further savings achieved through the Commission's own internal efficiencies, these reductions have been reflected in fees from 2012/13 onwards.
 - 2.2. Where, exceptionally, an issue arises that requires the auditor to do additional audit work, for example to exercise their statutory reporting powers, this may result in a variation to the audit fee to reflect the costs of the work. The additional fee will then become payable by the audited body.

3. BACKGROUND DOCUMENTS:

None

4. APPENDIX

Annual Audit & Certification Fees 2014/15 – Letter from Ernst & Young LLP