

REPORT TITLE: ANNUAL AUDIT FEE 2019/20

13 JUNE 2019

REPORT OF PORTFOLIO HOLDER: CLLR CUTLER – PORTFOLIO HOLDER FOR FINANCE AND RISK

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WARD(S): ALL

PURPOSE

This report details, for approval, the indicative 2019/20 Annual Audit Fee proposed by the Council's external auditors, Ernst & Young LLP (EY).

The indicative fee for the 2019/20 audit is at the level of the scale fees set by Public Sector Audit Appointments Ltd (PSAA) for each audited body that has opted into its national auditor appointment scheme.

RECOMMENDATIONS:

1. That the Audit Committee approves the indicative annual audit fee for 2019/20.

IMPLICATIONS:

1 COUNCIL STRATEGY OUTCOME

- 1.1 Preparation of the Statement of Accounts is fundamental to the operation of the Council. Achieving corporate priorities must go hand in hand with accounting for how the Council spends public money.
- 1.2 External Audit findings contribute to the corporate governance arrangements of Winchester City Council, which in turn support the achievement of the outcomes and objectives of the Council Strategy.

2 FINANCIAL IMPLICATIONS

- 2.1 The indicative Annual Audit fee covers the audit of the financial statements; value for money conclusion and the Whole of Government Accounts audit work and is set by the PSAA.
- 2.2 Following consultation on its Work Programme and Scale of Fees, PSAA has maintained scale audit fees at the same level as for 2018/19, unless there are specific circumstances which require otherwise.
- 2.3 The indicative fee for 2019/20, set at the scale level is £43,379 and is the same as the planned fee.
- 2.4 The Committee's attention is drawn to the assumptions that the indicative fee is based and that there maybe further costs relating to additional work required (e.g. responding to electors).

3 LEGAL AND PROCUREMENT IMPLICATIONS

- 3.1 None.

4 WORKFORCE IMPLICATIONS

- 4.1 None.

5 PROPERTY AND ASSET IMPLICATIONS

- 5.1 None.

6 CONSULTATION AND COMMUNICATION

- 6.1 None.

7 ENVIRONMENTAL CONSIDERATIONS

- 7.1 None.

8 EQUALITY IMPACT ASSESSEMENT

8.1 None.

9 DATA PROTECTION IMPACT ASSESSMENT

9.1 None.

10 RISK MANAGEMENT

Risk	Mitigation	Opportunities
<i>Property</i>	None	None
<i>Community Support</i>	None	None
<i>Timescales – meeting statutory deadlines</i>	Advance planning for the closing of the accounts to meet the statutory deadlines	None.
<i>Project capacity</i>	None	None.
<i>Financial / VfM</i>	Robust systems and procedures ensure the Council is complying with accounting standards required to produce the final accounting statements	An unqualified opinion and value for money conclusion provides assurance that the Council is properly accounting for and spending public money
<i>Legal -</i>	None	None
<i>Innovation</i>	None	None
<i>Reputation – failure to publish accounts within statutory deadline</i>	Proper planning and resourcing of the closing of the accounts to ensure that the statutory deadlines are met.	Publishing the accounts without qualification and within the statutory deadline provides the assurance that the Council is properly managing its finances.
<i>Other</i>	None	None

11 SUPPORTING INFORMATION:

- 11.1 For authorities who have chosen to opt-in to the national auditor appointment scheme, the duty to prescribe scales of fees is a statutory function delegated to Public Sector Audit Appointments Ltd (PSAA) by the Secretary of State for Housing, Communities and Local Government. Prior to 1 April 2015, these responsibilities were discharged by the Audit Commission.
- 11.2 PSAA set out a programme outlining the work that the auditors will undertake, with the associated scale fees for individual audited bodies which for 2019/20 have been set at the same level as for 2018/19.

- 11.3 The fee for the Council is indicative based on the assumption that there is no significant change to the overall level of risk in relation to the audit of the financial statements from that of the previous year.
- 11.4 PSAA would only expect variations from the scale fee to occur where these factors are significantly different from those identified and reflected in the fee for the previous year.
- 11.5 The PSAA is no longer responsible for the appointment of an auditor to certify the Council's 2019/20 housing subsidy claim and authorities are now required to separately appoint external auditors to undertake this work.
- 11.6 Winchester City Council joined with other Hampshire local authorities in a framework tender that was led by Portsmouth City Council. This framework enables each authority (all those in Hampshire and the Isle of Wight as well as those in West Sussex and Surrey) to appoint an approved external auditor to undertake the assurance work on the subsidy claim, as prescribed by the DWP.
- 11.7 The firm that was awarded this contract was KPMG.

12 OTHER OPTIONS CONSIDERED AND REJECTED

12.1 None.

BACKGROUND DOCUMENTS:-

Previous Committee Reports:-

AUD212 – Annual Audit and Certification Fees 2018/19

Other Background Documents:-

None.

APPENDICES:

Appendix 1 Annual Audit and Certification Fees 2019/20 – Letter from EY