

REPORT TITLE: ANNUAL AUDIT FEE 2018/19

31 MAY 2018

REPORT OF PORTFOLIO HOLDER: CLLR GUY ASHTON – PORTFOLIO
HOLDER FOR FINANCE

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WARD(S): ALL

PURPOSE

This report details, for approval, the indicative 2018/19 Annual Audit and Certification Fees proposed by the Council's external auditors, Ernst & Young LLP (EY).

The indicative fee for the 2018/19 audit and certification work 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.

PSAA has reduced the 2018/19 scale audit fee for all opted-in bodies by 23 percent from the fees applicable for 2017/18.

RECOMMENDATIONS:

1. That the Audit Committee approves the indicative annual audit fee for 2018/19.

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 reduced the 2018/19 scale audit fee by 23 percent from the fees applicable for 2017/18.
- 2.3 The indicative fee for 2018/19, set at the scale level is £43,379 (the planned fee for 2017/18 is £56,336).
- 2.4 The budget has been set on the basis of the indicative fee for 2018/19 and reflects the savings in fees.
- 2.5 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 required.

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 have been reduced for 2018/19 by 23 percent from the fees applicable for the 2017/18.

- 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 There are changes to the overall work programme for 2018/19 with the PSAA no longer responsible for the appointment of an auditor to certify the Council's 2018/19 housing subsidy claim. Authorities are now required to separately appoint external auditors to undertake this work.
- 11.6 Winchester City Council has joined with other Hampshire local authorities in a framework tender being led by Portsmouth City Council. This framework will enable 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 Portsmouth City Council expects to award the contract in late June ready for the contracts to start in early July. A further update on progress will be brought to this Committee at its meeting in July.

12 OTHER OPTIONS CONSIDERED AND REJECTED

12.1 None.

BACKGROUND DOCUMENTS:-

Previous Committee Reports:-

[AUD187](#) Annual Audit Fees 2017/18

Other Background Documents:-

None

APPENDICES:

Appendix 1 Annual Audit and Certification Fees 2018/19 – Letter from EY