



Grant Thornton

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Dear Andrew,

Fee variations in relation to the 2018-19 external audit

I am writing to seek your agreement to increase the external audit fee for additional work performed in connection with the 2018-19 statutory audit of the Council.

As you know, local government audit fees have significantly reduced in recent years. In the last year alone, the scale fees reduced by a total of £28,613, which equates to a saving of 23%.

As outlined in our audit plan, the 2018-19 scale fee published by PSAA of £95,792 excluding VAT assumes that the scope of the audits do not significantly change. There are a number of areas where the scope of the audit has changed, which has led to additional work. These are set out in the table below.

Area	Reason	Number of days	£
Assessing the impact of the McCloud ruling	The Government's transitional arrangements for pensions were ruled discriminatory by the Court of Appeal last December. The Supreme Court refused the Government's application for permission to appeal this ruling. As part of our audit we have reviewed the revised actuarial assessment of the impact on the financial statements along with any audit reporting requirements.	4	£3,000
Pensions – IAS 19	The Financial Reporting Council has highlighted that the quality of work by audit firms in respect of IAS 19 needs to improve across local government audits. Accordingly, we have increased the level of scope and coverage of our work in respect of IAS 19 this year to reflect this.	4	£3,000
PPE Valuation – work of experts	As above, the Financial Reporting Council has highlighted that auditors need to improve the quality of work on PPE valuations across the sector. We have increased the volume and scope of our audit work to reflect this.	4	£3,000
Value for Money	Additional work undertaken on the Value for Money conclusion and attendance at meetings with Council Officers.	2	£1,500
Total			£10,500

As a result of the above, we propose the revised fee for the audits will be £110,292 excluding VAT. This compares with an actual fee charged for the 2017/18 audit of £139,908 excluding VAT. The revised fee still provides a saving of £29,616 (or 21%) on the prior year fee. In light of the additional work performed to provide the statutory audit opinion over and above that performed in the prior year, we believe the revised fee still provides value for money.

Process for agreement

Public Sector Audit Appointments Limited (PSAA) is the designated 'Appointing Person' under the 2015 Local Audit (Appointing Persons) Regulations. Under section 17 of the Regulations, PSAA has the legal responsibility for agreeing such fee variations, which are also incorporated into our conditions of contract with PSAA. As such, PSAA requires evidence from us that you have agreed in principle with the variation, before it can determine the additional fees in accordance with its responsibilities. This can be provided by you emailing us a response to this letter and Audit Committee approval is not required. We will, of course, inform the Committee of the final position, when agreed by PSAA. I am happy to discuss the contents of this letter with you, prior to you responding more formally, if you should wish.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Jon Roberts', with a stylized initial 'JR' to the left.

Jon Roberts, Partner
Grant Thornton (UK) LLP