

<b>MEETING:</b>	<b>AUDIT AND GOVERNANCE COMMITTEE</b>
<b>DATE:</b>	<b>28<sup>TH</sup> JUNE 2011</b>
<b>TITLE OF REPORT:</b>	<b>ANNUAL AUDIT FEE LETTER AND AUDIT WORK 2011/12</b>
<b>PORTFOLIO AREA:</b>	<b>CORPORATE SERVICES AND EDUCATION</b>

**CLASSIFICATION:** Open

### **Wards Affected**

County-wide.

### **Purpose**

To inform the Audit and Governance Committee of the work to be undertaken for 2011/12 financial year by the Audit Commission. The report also includes the proposed indicative fee.

### **Recommendations**

- THAT**
- (a) Audit and Governance Committee notes the content of the Audit Commission's Annual Audit Fee Letter; and**
  - (b) Audit and Governance Committee notes the planned outputs.**

### **Key Points Summary**

1. The audit fee for 2011/12 is £274,672.
2. A series of planned outputs are included in the audit fee letter
3. A separate Audit Plan will be issued in December 2011.

### **Alternative Options**

2. There are no alternative options.

### **Reasons for Recommendations**

3. The Audit Commission is the Council's appointed external auditor. The annual fee letter is an opportunity for the Audit and Governance Committee to be informed of the planned outputs and proposed fee.

## **Key Considerations**

4. The Annual Audit Fee letter (attached) details the amount to be paid to the Audit Commission (£274,672). This is a decrease on the planned fees of £305,191 for 2010/11. The reason for the reduction is outlined in the letter and is from a combination of factors.
5. The Audit fee covers work on the Audit of financial statements, value for money conclusion and Whole of Government accounts aspects.
6. The letter indicates that a separate audit plan will be issued in December 2011. In December's plan any risks that may be identified from the financial statements audit and value for money conclusion may be reflected in the plan. Any fee amendments will be discussed with the Council's Chief Officer (Finance and Commercial Services) and a report would then go to the Audit and Governance Committee.
7. The audit commission indicates that given the timescale of the financial challenge faced by local government it will review the robustness of Herefordshire's medium term financial plan. The value for money of any variations to the waste disposal contract along with a review of progress on benefits realisation from the transformation programme will also be reviewed.
8. The letter lists the planned outputs and their indicative dates

## **Financial Implications**

9. The fee reflected in the Audit Fee letter is included in the Council's budget.

## **Legal Implications**

10. There are no legal implications.

## **Risk Management**

11. The effective management of risk is through the delivery of internal processes that address the risks associated with areas such as final accounts delivery.

## **Consultees**

None

## **Appendices**

Appendix 1 – The Annual Audit Fee Letter .  
Appendix 2 – Audit Plan

## **Background Papers**

None identified.