

MEETING:	AUDIT AND GOVERNANCE COMMITTEE
DATE:	6 JULY 2012
TITLE OF REPORT:	ANNUAL AUDIT FEE LETTER AND AUDIT WORK 2011/12
PORTFOLIO AREA:	CORPORATE SERVICES

CLASSIFICATION: Open

Wards Affected

County-wide.

Purpose

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

Key Decision

This is not a Key Decision.

Recommendations

THAT:

- (a) **the content of the Audit Commission's Annual Audit Plan be noted; and**
- (b) **the planned outputs be noted.**

Key Points Summary

1. The proposed audit fee for 2011/12 is £274,672. This is a reduction of £15,000 on the 2010/11 fee.
2. The Audit Plan lists key milestones and deadlines leading to the District Auditor being able to complete required work prior to issuing an audit opinion and value for money conclusion

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 details the amount to be paid to the Audit Commission (£274,672). This is a decrease on the actual fees of £290,000 for 2010/11. The reason for the reduction is outlined in the letter and is from a combination of factors. 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.
5. The Audit fee covers work on the audit of financial statements, value for money conclusion and Whole of Government accounts aspects.
6. 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.
7. The letter lists the planned outputs and their indicative dates.

Financial Implications

8. The fee reflected in the Audit Plan is included in the Council's budget.

Legal Implications

9. There are no legal implications.

Risk Management

10. The effective management of risk is through the delivery of internal processes that address the risks associated with areas such as final accounts delivery.
11. Appendix 2 of the attached report indicates the basis of the fee. Certain assumptions are included such as "Hoople" providing appropriate access. This is mitigated by the oversight of the Hoople contract by the Chief Officer: Finance & Commercial.

Consultees

None

Appendices

Appendix 1 – Audit Plan

Background Papers

None identified.