

ANNUAL AUDIT AND CERTIFICATION FEES 2016/17

1 PURPOSE OF REPORT

- 1.1 This report serves to advise Members of the proposed annual audit and certification fees for 2016/17.

2 INTRODUCTION

- 2.1 In the letter, Annual Audit and Certification Fees 2016/17, the Council's external auditor EY sets out the proposed fees for the audit of the 2016/17 financial year. The letter is attached as appendix 1.

3 RESOURCE IMPLICATIONS

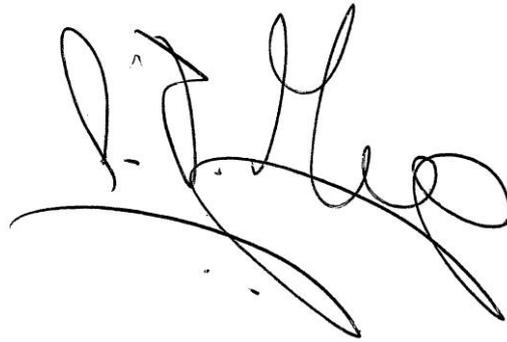
- 3.1 The letter sets out the proposed fees for 2016/17, which are £47,657 plus VAT, for the core audit and £8,520 plus VAT for the audit of the housing benefit subsidy claim.
- 3.2 EY expects to issue the Audit Plan for 2016/17 in March 2017. If EY needs to make changes to the proposed fees during the course of the audit, this will be discussed with the Section 151 Officer in the first instance. If necessary, a report will be prepared outlining the reasoning for a fee change for discussion with the Audit Committee.

4 LEGAL IMPLICATIONS

- 4.1 The scale of fees for 2016/17 financial year has been set by Public Sector Audit Appointments Ltd.

5 RECOMMENDATION

- 5.1 It is proposed that the Committee **RESOLVES**
That the Annual Audit and Certification Fees 2016/17 Letter be noted.



Robert Manning
Section 151 Officer

Background Papers:-

None.

For further information please contact Jim Kevany on:-

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If you would like this report in large print, Braille or another language please contact 01702 318111.

Amar Dave
Chief Executive
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SS4 1BW

18 April 2016

Ref: 16 RDC/Fee letter/ 2016-17
Your ref:

Direct line: 07876 397986

Email: ksuter@uk.ey.com

Dear Amar,

Rochford District Council Annual Audit and Certification Fees 2016/17

We are writing to confirm the audit and certification work that we propose to undertake for the 2016/17 financial year at Rochford District Council (the Council).

Indicative audit fee

For the 2016/17 financial year Public Sector Audit Appointments Ltd (PSAA) has set the scale fee for each audited body, following consultation on its Work Programme and Scale of Fees.

The fee reflects the risk-based approach to audit planning set out in the National Audit Office's Code of Audit Practice for the audit of local public bodies.

The audit fee covers the:

- Audit of the financial statements;
- Value for money conclusion; and
- Whole of Government accounts.

For Rochford District Council our indicative fee is set at the scale fee level. This indicative fee is based on certain assumptions, including that:

- The overall level of risk in relation to the audit of the financial statements is not significantly different from that of the prior year;
- Officers meet the agreed timetable of deliverables;
- We can rely on the work of internal audit where we need to do so;
- Our accounts opinion and value for money conclusion are unqualified;
- The Council provides appropriate quality of documentation;

- There is an effective control environment; and
- Officers provide prompt responses to our draft reports.

Meeting these assumptions will help ensure the delivery of our audit at the indicative audit fee which is set out in the table below.

In addition, we will charge in addition to the scale fee for the auditor's consideration of correspondence from the public and formal objections.

As we have not yet completed our audit for 2015/16, our audit planning process for 2016/17 will continue as the year progresses. We will review and update fees as necessary, within the parameters of our contract.

Certification fee

The PSAA has set an indicative certification fee for housing benefit subsidy claim certification work for each audited benefits authority. The indicative fee is based on actual 2014/15 benefit certification fees, and incorporating a 25 per cent reduction.

The indicative certification fee is based on the expectation that an audited body is able to provide the auditor with a complete and accurate housing benefit subsidy claim with supporting working papers, within agreed timeframes.

The indicative certification fee for 2016/17 relates to work on the housing benefit subsidy claim for the year ended 31 March 2017. We have set the certification fee at the indicative fee level. We will update our risk assessment after we complete 2015/16 benefit certification work, and to reflect any further changes in the certification arrangements.

Summary of fees

	Indicative fee 2016/17 £	Planned fee 2015/16 £	Actual fee 2014/15 £
Total Code audit fee	47,657	47,657	63,543
Certification of housing benefit subsidy claim	8,520	8,184	11,360

We will negotiate separately and agree with you in advance any further additional work that we may agree to undertake (outside of the Code of Audit Practice).

Fees for the auditor's consideration of correspondence from the public and formal objections will be charged in addition to the scale fee.

Billing

The indicative audit fee will be billed in 4 quarterly instalments.

Audit plan

We expect to issue our plan in March 2017. This will communicate any significant financial statement risks identified, planned audit procedures to respond to those risks and any changes in fee. It will also set out the significant risks identified in relation to the value for money conclusion. Should we need to make any significant amendments to the audit fee during the course of the audit, we will discuss this in the first instance with the section 151 Officer and, if necessary, prepare a report outlining the reasons for the fee change for discussion with the Audit Committee.

Audit team

The key members of the audit team for the 2016/17 financial year are:

Kevin Suter
Executive Director

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Chris Hewitt
Manager

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Tel: 07879 667245

We are committed to providing you with a high quality service. If at any time you would like to discuss with us how our service to you could be improved, or if you are dissatisfied with the service you are receiving, please contact me. If you prefer an alternative route, please contact Steve Varley, our Managing Partner, 1 More London Place, London, SE1 2AF. We undertake to look into any complaint carefully and promptly and to do all we can to explain the position to you. Should you remain dissatisfied with any aspect of our service, you may of course take matters up with our professional institute.

Yours sincerely

Kevin Suter
Executive Director
For and on behalf of Ernst & Young LLP
United Kingdom

Cc. Joan Mockford, Chair of the Audit Committee
Robert Manning, Section 151 Officer