

Southend-on-Sea Borough Council

Agenda
Item No.

Report of Chief Executive and Town Clerk

to

Audit Committee

on

22 June 2011

Report prepared by: Linda Everard, Head of Internal Audit

PKF: Annual Fee Letter 2011/12

A Part 1 Public Agenda Item

1. Purpose of Report

1.1 To present the External Audit Fee Letter for 2011/12.

2. Recommendation

2.1 The Committee approves the Fee Letter for 2011/12.

3. Background

3.1 As required by the Audit Commission's Code of Audit Practice 2010, the external auditor must produce an audit planning document. This should set out how the auditors intend to carry out their responsibilities in light of their assessment of risk. It should be presented to the relevant committee as soon as possible after the start of the relevant financial year.

3.2 The auditor is required to present a "letter" setting out the proposed 2011/12 audit fee. A more detailed Audit Plan will be issued in late Autumn which will include any accounts risks identified after completion of the 2010/11 audit.

3.3 A senior representative of PKF (the appointed External Auditor to the Council) will present this report and respond to Members questions.

4. Corporate Implications

4.1 Contribution to Council's Vision & Critical Priorities

All audit work contributes to the Corporate Aim of being "An Excellent Council" and the Cross Cutting Theme of "Becoming a Higher Performing Organisation".

4.2 Financial Implications

The fee scales and overall requirements of what needs to be undertaken by the external auditor are defined by the Audit Commission. The fees proposed reflect the application of these requirements to this Council based upon an assessment of risk which is set out in the Fee Letter for 2011/12.

The final “*Work programme and scales of fees for 2011/12*” for local government, published by the Audit Commission on its website confirms reductions in audit fees to reflect both the new approach to local value for money (VFM) audit work after the abolition of the Use of Resources assessment, and a reduction in the on-going audit costs arising from the introduction of International Financial Reporting Standards

4.3 Legal Implications

The Council is required to have an external audit of its activities that complies with the requirements of the Audit Commission's Code of Audit Practice (the Code). By considering this report, the Committee can satisfy itself that this requirement is being discharged.

4.4 People and Property Implications

None

4.5 Consultation

None

4.6 Equalities Impact Assessment

None

4.7 Risk Assessment

Poor performance by the Council in the areas subject to review could result in either a qualified audit opinion or value for money conclusion and may also impact adversely on any corporate assessment.

4.8 Value for Money

None

4.9 Community Safety Implications and Environmental Impact

None

5. Background Papers

None

6. Attachment: PKF Annual Fee Letter 2011/12