

# **WIRRAL COUNCIL**

## **AUDIT AND RISK MANAGEMENT COMMITTEE**

**25 NOVEMBER 2009**

### **REPORT OF THE DIRECTOR OF FINANCE**

#### **COMPARISON OF AUDIT FEES**

##### **1. EXECUTIVE SUMMARY**

- 1.1. On 29 June 2009 this Committee considered a report on Audit Commission fees for the financial year 2009/10 and requested a report on how the Wirral fees compared with other Merseyside authorities.

##### **2. INTRODUCTION**

- 2.1. I presented a report to this Committee on 29 June 2009 setting out the Annual Audit fees for 2009/10. The fees are based on a risk based approach to audit planning as set out in the Code of Audit Practice and reflect the audit element of the work, excluding any inspection and assessment fees.
- 2.2. The fees for 2009/10 are 13% above the scale fee for Wirral Council of £343,326 due to factors that placed the Council towards 'high risk' in audit terms. This means the Commission are required to undertake more work because of individual circumstances such as the political structure and the high number of questions from the public. The fees have been reduced by 4.1% from the 2008/09 level to reflect better quality assurance and a stronger control environment as reflected in the Use of Resources assessment.
- 2.3. Additional work is undertaken in respect of the certification of grant claims and returns which takes the projected fee for 2009/10 to £558,035 and an increase of £14,425 on 2008/09.
- 2.4. Committee requested a report showing how Wirral compared with the other Merseyside authorities and the District Auditor offered to provide this information to officers.

##### **3. FINDINGS**

- 3.1. The District Auditor has issued a letter which offers further explanation and comparison of the Wirral fee with other metropolitan councils. This letter is appended and the key messages are:-
  - a. Wirral is the 9<sup>th</sup> largest metropolitan authority and in terms of fees is the 6<sup>th</sup> highest for 2009/10 excluding authorities which are audited by bodies other than the Commission. This compares with being 10<sup>th</sup> highest in 2008/09.

- b. The variance from the scale fee can be +/-30% depending upon local circumstances. In 2009/10 the Wirral fee is 13% above the scale which compares to 19% above in 2008/09.
- c. The District Auditor has previously advised of the reasons why the Wirral fee is above the scale fee (see section 2.2) and continues to work with the Council to reduce the figure further.

3.2. Information has been obtained from the Merseyside authorities as to their fee levels and this can be summarised as follows:-

Authority	Audit Fee 2008/09	Audit Fee 2009/10	Scale Fee 2009/10
	£	£	£
Halton	222,554	239,408	256,860
Knowsley	253,975	n/a	n/a
Liverpool	587,956	553,616	483,348
St. Helens	232,116	242,230	273,954
Sefton	284,045	287,596	305,720
Wirral	406,650	390,000	343,236

Those authorities below the scale fee (Halton, Sefton and St. Helens) have all received fee increases in 2009/10 but continue to remain below the scale fee.

Liverpool and Wirral both continue to remain above the scale fee for 2009/10 although both have received reductions in fee levels for 2009/10.

Liverpool City Council considered the fee on 29 April 2009 and requested a report along the lines of this Committee's request to be presented to a future meeting. This has yet to be reported.

3.3 There is a separate charge in respect of the certification of grant claims:-

Authority	Grant Claims 2008/09	Grant Claims 2009/10
	£	£
Halton	70,000	78,000
Knowsley	n/a	n/a
Liverpool	246,900	203,550
St. Helens	49,200	50,113
Sefton	n/a	n/a
Wirral	136,960	168,035

The charge varies between authorities as it is based upon the range and type of grant funding receivable which is reflective of success in bidding for such funding as well as the procedures in place for monitoring and evidencing grant claims.

The potential charges for 2009/10 for Wirral show a significant increase upon the 2008/09 figures. The actual fees paid, and any issues arising, will only be known when the grants are subsequently subject to audit review.

#### **4. FINANCIAL IMPLICATIONS**

- 4.1. The total Audit fees for 2009/10, including grant claims and returns, but excluding inspection and assessment fees, is £558,035.

#### **5. STAFFING IMPLICATIONS**

- 5.1. There are none arising directly from this report.

#### **6. EQUAL OPPORTUNITY IMPLICATIONS**

- 6.1. There are none arising directly from this report.

#### **7. COMMUNITY SAFETY IMPLICATIONS**

- 7.1. There are none arising directly from this report.

#### **8. HUMAN RIGHTS IMPLICATIONS**

- 8.1. There are none arising directly from this report.

#### **9. LOCAL AGENDA 21 IMPLICATIONS**

- 9.1. There are none arising directly from this report.

#### **10. PLANNING IMPLICATIONS**

- 10.1. There are none arising directly from this report.

#### **11. MEMBER SUPPORT IMPLICATIONS**

- 11.1. There are none arising directly from this report.

#### **12. BACKGROUND PAPERS**

- 12.1. Annual Audit Fees 2009/10 – report to Audit & Risk Management Committee  
29 June 2009.

#### **13. RECOMMENDATION**

- 13.1. That the findings of the comparison be noted.

IAN COLEMAN  
DIRECTOR OF FINANCE