

WIRRAL COUNCIL

AUDIT AND RISK MANAGEMENT COMMITTEE

30 JUNE 2010

REPORT OF THE DIRECTOR OF FINANCE

ANNUAL AUDIT FEES 2010/11

1. EXECUTIVE SUMMARY

1.1. This report outlines the planned Audit Commission fees for 2010/11.

2. INTRODUCTION

2.1. The Audit Commission fee is based upon a risk based approach to audit planning as set out in the Code of Audit Practice. It reflects only the audit element of the work. Excluded are any inspection and assessment fees and work for the Merseyside Pension Fund.

2.2	Audit Area	Planned Fee	Planned Fee
		2010/11	2009/10
		£	£
	Financial Statements	257,612	256,298
	Use of Resources/VFM Conclusion	126,922	126,274
	Whole of Government Accounts	7,466	7,428
	Total Audit Fee	392,000	390,000
	Grant claims and returns	128,000	125,000
	Total	520,000	515,000

2.3 Whilst Audit fees were expected to increase by 6% because of the introduction of International Financial Reporting Standards the Audit fee shows an increase of only 0.5% for 2010/11.

2.4 In looking at the Audit Commission scale of fees for 2010/11 the scale fee for Wirral Council is £363,000. The planned fee of £392,000 is 8% above this figure. This compares favourably with the 13% above the scale fee charged in 2009/10 and reflects the on-going work between the Council and the Audit Commission, and their commitment to seek to reduce their fees.

- 2.5 The audit fee for individual local authorities can vary from the scale fee by up to 30% depending upon the risks associated with the local authority. For Wirral Council the factors that require the undertaking of more work include:-
- a. the political structure of the Council means that the Auditors have more meetings/communication with Members than in other councils and they also attend more committee meetings.
 - b. there are ongoing capacity issues in Internal Audit as Internal Audit also needs to respond to reactive work. The Audit Commission has not been able to rely on Internal Audit work to the extent that they would wish to inform their opinion, grants and other work.
 - c. The Audit Commission receives a relatively high number of questions from members of the public on an ongoing basis.
- 2.6 Additional work is undertaken in respect of the certification of grant claims and returns which is variable depending upon the numbers and types of grant as well as any specific requirements of the grant-paying body. The planned fee for 2010/11 is £128,000 being an increase of £3,000 on the 2009/10 fee.
- 2.7 The Audit fee for 2009/10 was reported to this Committee on 29 June 2009 and a report showing how Wirral compared with the other Merseyside authorities was the subject of a further report presented on 25 November 2009.

3. FINANCIAL IMPLICATIONS

- 3.1. The total Audit Fees for 2010/11, including grant claims and returns, but excluding inspection and assessment fees and Merseyside Pension Fund work, is projected to be £520,000 an increase of £5,000 on 2009/10.

4. STAFFING IMPLICATIONS

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

5. EQUAL OPPORTUNITY IMPLICATIONS

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

6. COMMUNITY SAFETY IMPLICATIONS

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

7. HUMAN RIGHTS IMPLICATIONS

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

8. LOCAL AGENDA 21 IMPLICATIONS

8.1. There are none arising directly from this report.

9. PLANNING IMPLICATIONS

9.1. There are none arising directly from this report.

10. MEMBER SUPPORT IMPLICATIONS

10.1. There are none arising directly from this report.

11. BACKGROUND PAPERS

11.1 Letter from the Audit Commission dated 15 April 2010.

12. RECOMMENDATION

12.1. That the Audit fee for 2010/11 be agreed.

IAN COLEMAN
DIRECTOR OF FINANCE

FNCE/90/10