

WIRRAL COUNCIL

AUDIT & RISK MANAGEMENT COMMITTEE

30 JUNE 2011

| | |
|-------------------------------------|--------------------------------------|
| SUBJECT | AUDIT COMMISSION FEES 2011-12 |
| WARD/S AFFECTED | ALL |
| REPORT OF | DIRECTOR OF FINANCE |
| RESPONSIBLE PORTFOLIO HOLDER | COUNCILLOR STEVE FOULKES |
| KEY DECISION | NO |

1.0 EXECUTIVE SUMMARY

1.1 The Council has to produce a Statement of Accounts by 30 September each year which covers the preceding financial year. Under the Accounts and Audit Regulations this includes an independent opinion, given by the External Auditor, as to whether the statements have been prepared in accordance with the Code of Practice on Local Authority Accounting. This audit is carried out by the Audit Commission and this report sets out the Audit Commission fees for 2011/12.

2.0 RECOMMENDATION

2.1 That the Audit fee for 2011/12 be agreed.

3.0 REASON FOR RECOMMENDATION

3.1 The Audit & Risk Management Committee approves the Statement of Accounts having given consideration to the report of the auditor.

4.0 BACKGROUND AND KEY ISSUES

4.1 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 and excludes any specific projects and work for the Merseyside Pension Fund.

| Audit Area | Planned Fee 2010/11 £ | Planned Fee 2011/12 £ |
|-------------------------------|--------------------------------------|--------------------------------------|
| Audit of Financial Statements | | |
| Value for Money conclusion | 392,000 | 352,800 |
| Whole of Government Accounts | | |
| Audit Fee | 392,000 | 352,800 |
| Grant claims and returns | 128,100 | 100,100 |
| Total Fees | 520,100 | 452,900 |

4.2 The Audit Fee for 2011/12 includes a reduction in fees reflecting the new approach to local Value for Money work and a 3% reduction to reflect lower continuing costs post-implementation of International Financial Reporting Standards.

4.3 There is a further reduction from 2010/11 when the fee of £392,000 was 8% above the scale fee for Wirral Council of £363,000. This reflects the on-going work between the Council and the Audit Commission, and their commitment to seek to reduce their fees. It should be noted that the factors which influence the fee include the political structure of the Council, as Auditors have to attend more meetings and have more /communication with Members than in other councils; and the Audit Commission continues to receive a relatively high number of questions from members of the public.

4.4 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 2011/12 is £100,000 being a reduction of £28,000 on the 2010/11 fee, although this will vary depending upon the number of grants required to be subject to audit.

5.0 RELEVANT RISKS

5.1 The Audit Commission undertakes its role in accordance with the Code of Audit practice and the District Auditor presents his opinion on the Council Statement of Accounts to this Committee for consideration.

6.0 OTHER OPTIONS CONSIDERED

6.1 The Audit Commission is the appointed auditor for Wirral Council.

7.0 CONSULTATION

7.1 The Audit Commission undertakes an annual consultation in advance of setting the fee levels for the year.

8.0 IMPLICATIONS FOR VOLUNTARY, COMMUNITY AND FAITH GROUPS

8.1 There are no implications arising from this report.

9.0 RESOURCE IMPLICATIONS

9.1 The total Audit Fees for 2011/12, including grant claims and returns, but excluding inspection and assessment fees and Merseyside Pension Fund work, are projected to be £452,900 a reduction of £67,200 on 2010/11.

9.2 There are no staffing or IT implications arising directly from this report.

10.0 LEGAL IMPLICATIONS

10.1 There are no legal implications arising directly from this report.

11.0 EQUALITIES IMPLICATIONS

11.1 There are no equalities implications arising directly from this report.

12.0 CARBON REDUCTION IMPLICATIONS

12.1 There are no carbon reduction implications arising directly from this report.

13.0 PLANNING AND COMMUNITY SAFETY IMPLICATIONS

13.1 There are no planning and community safety implications arising from this report.

FNCE/110/11

REPORT AUTHOR: Tom Sault
Head of Financial Services
telephone: 0151 666 3407
email: tomsault@wirral.gov.uk

APPENDIX

Letter from the Audit Commission dated 19 April 2011.

SUBJECT HISTORY

| Council Meeting | Date |
|-----------------------------------|------------------|
| Audit & Risk Management Committee | |
| - Annual Audit Fee 2010-11 | 30 June 2010 |
| - Comparison of Audit Fees | 25 November 2009 |
| - Annual Audit Fee 2009-10 | 29 June 2009 |