

Audit Committee – 22nd April 2010

5. Annual Audit Fee 2010/11

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Purpose of the Report

This report introduces the Annual Audit Fee letter for 2010/11 (copy attached at pages 3-6).

Recommendation

The Audit Committee is asked to note the contents of the Annual Audit Fee letter 2010/11.

Introduction

The Annual Audit Fee Letter is included within the remit of the Audit Committee under its terms of reference as follows:

“To consider the effectiveness of SSDC’s risk management arrangements, the control environment and associated anti-fraud and corruption arrangements and seek assurance from management that action has been taken”

“To consider the reports of external audit and inspection agencies and seek assurance from management that action has been taken”

“To review and approve the annual Statement of Accounts, external auditor’s opinion and reports to members and monitor management action in response to issues raised”

Annual Audit Fee 2010/11

The Audit Commission writes to each authority annually outlining an indicative fee for the inspection work they intend to carry out. This takes into account known changes, for example the introduction of International Financial Reporting Standards (IFRS) has increased the fees for the financial statements in 2010/11. It also takes into account a risk based assessment that quantifies the quality of the work carried out by each organisation. In SSDC’s case the assessment is positive as the Audit Manager has discounted the fee by 7% below scale which reduces the cost to the council.

The “managing performance fee” which forms part of the overall Comprehensive Area Assessment framework has been allocated a rebate of £6,085 reducing the cost to £2,235. An audit opinion plan will be issued later in the year and this will provide an update of the Audit Commission’s planned work to support the audit opinion. At Appendix 1 the commission has outlined in a table their reporting timelines.

Financial Implications

A budget of £151,590 is allocated in 2010/11 to fund the work of the Audit Commission. The fee letter estimates the overall likely cost including the rebate to be £149,170.

Background Papers: *Annual Audit fee 2010/11*
Annual Inspection fee 2009/10
