

**REPORT OF: FINANCIAL SERVICES MANAGER**

**TO: ACCOUNTS AND AUDIT COMMITTEE**

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## **External Audit Fees 2018/19**

### **PURPOSE OF REPORT**

1. The purpose of this report is to inform the Committee of the fee scale for the audit of the 2018/19 accounts as published by the PSAA<sup>1</sup> in March 2018.

### **RECOMMENDATIONS**

2. The Committee is recommended to note the 2018/19 published audit fee for Pendle Council.

### **ISSUE**

3. The Committee has received regular updates on the arrangements leading to the appointment of auditors to those authorities that had opted in to the collective procurement led by the PSAA. In December 2017, Grant Thornton were confirmed as the Council's appointed auditor for a period of five years from April 2018.
4. Following the appointment of auditors, the PSAA commenced a consultation exercise on proposed scale fees for 2018/19. Earlier in this month the PSAA published details of the individual fees for opted in bodies including local government bodies.
5. For Pendle Council the audit fee for 2018/19 is **£31,285**. This represents a 23% reduction on the current fee payable for 2017/18 of £40,630. The level of reduction is consistent with earlier information provided by the PSAA and reflects the benefits arising from the recent procurement exercise which it led on. In their notification to the Council the PSAA stated the following:

*PSAA has set the 2018/19 fee scale on the basis that individual scale audit fees for all opted-in bodies have been reduced by 23 per cent from the fees applicable for 2017/18. This gives opted-in bodies the benefit of the cost savings achieved in the recent audit procurement, and continues the practice of averaging firms' costs so that all bodies benefit from the same proportionate savings, irrespective of the firm appointed to a particular audited body. It also passes on the benefit of economies which PSAA is making in its own operating costs.*

*The fee reduction does not mean there will be a change in the scope, volume or quality of audit work required at opted-in bodies. Auditors must undertake sufficient work to comply with the requirements of the Code of Audit Practice issued by the National Audit Office and relevant professional standards, and to enable them to discharge their statutory responsibilities under the Local Audit and Accountability Act 2014 and their contractual obligations to PSAA.*

<sup>1</sup> Public Sector Audit Appointments

*The scale fees for individual opted-in bodies are now available for you to view on the [2018/19 scale of fees](#) page of the PSAA website.*

6. The fee outlined above does not include the grant certification work required on the Council's annual claim for Housing Benefit Subsidy to the Department for Work and Pensions. This work was expressly excluded from the collective procurement led by the PSAA. The Council has to make its own arrangements to procure this work with effect from 1<sup>st</sup> April 2019. Informal discussions have commenced with Grant Thornton on this and more information will be presented to the Committee in due course.

## **IMPLICATIONS**

### **Policy**

7. There are no policy implications arising directly from the contents of this report.

### **Financial**

8. The financial implications are generally as given in the report. The Council's approved budget for 2018/19 includes budgetary provision of £43,000 in respect of external audit fees.

### **Legal**

9. There are no legal implications arising directly from the contents of this report.

### **Risk Management**

10. There are no new risk management implications arising from the contents of this report.

### **Health and Safety**

11. There are no health and safety implications arising from the contents of this report.

### **Sustainability**

12. There are no sustainability issues arising from the contents of this report.

### **Community Safety**

13. There are no community safety issues arising from the contents of this report.

### **Equality and Diversity**

14. There are no equality and diversity issues arising from the contents of this report.

## **APPENDICES**

None.

## **LIST OF BACKGROUND PAPERS**

None.