

EXTERNAL AUDIT FEE 2011-12
WDA/17/11

Recommendation

That:

1. Members note the external audit fee proposed for the 2011-2012 year.

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Report of the Treasurer

1. Purpose of the Report

- 1.1 The Authority's external audit is provided by the Audit Commission who are required to provide the Authority with an estimate of the cost of the audit each year before they commence substantive audit work. The report confirms the amount of the audit fee proposed by the Audit Commission.

2. Background

- 2.1 The external audit provided by the Audit Commission has been subject to some change recently, not least the changes to the work required to provide a conclusion on the Authority's arrangements for securing value for money.
- 2.2 In light of the changes to the regime the Audit Commission has proposed an audit fee of £65,250. This fee is a reduction of £6,250 from the fee eventually agreed for 2010-2011, and almost £10,000 below that originally proposed.

3. Audit Fee

- 3.1 The audit fee is based on the requirements of the audit regime which have been changed, but also on the relative risks attached by the auditor to the Authority's arrangements. Because there are no perceived reasons to raise the risk level attached to the Authority's arrangements, the Audit fee proposed is at the level expected for an organisation of the size and complexity of MWDA.
- 3.2 The auditor has set out the proposed audit fee in a letter, attached as Appendix 1 to this report.
- 3.3 Later in the year the auditor will provide full details of the work proposed to enable him to provide his opinion and value for money conclusion. This is not available in detail at this stage as the auditor has not concluded his work from the previous financial year and so does not yet know whether

the assessment of risk remains appropriate. The auditors detailed plan will be presented to Members at the meeting in February 2012.

4. Risk Implications

4.1 The external audit of the Authority is a statutory function that must be fulfilled. The Auditor has completed a risk assessment and proposed a fee level that allows the audit to be completed which minimises the risk to the Authority.

5. HR Implications

5.1 There are no HR implications.

6. Environmental Implications

6.1 There are no environmental implications.

7. Financial Implications

7.1 The audit fee proposed, of £66,250 represents a saving of £6,250 compared with the fee originally agreed for the previous year.

8. Conclusion

8.1 The external auditor has proposed a fee for the audit of £66,250, and will present a detailed audit plan for Members to approve in February 2012.

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The background documents to this report are open to inspection in accordance with Section 100D of The Local Government Act 1972 - Nil.