

RIBBLE VALLEY BOROUGH COUNCIL

REPORT TO ACCOUNTS AND AUDIT COMMITTEE

Agenda Item No 9

meeting date: 24 AUGUST 2011
 title: EXTERNAL AUDIT FEES
 submitted by: DIRECTOR OF RESOURCES
 principal author: JANE PEARSON

1 PURPOSE

1.1 To inform members of the latest position regarding Audit Fees for 2011/12.

2 BACKGROUND

2.1 As reported to your meeting in March there has been much debate surrounding audit fees.

2.2 Our scale fee for 2011/12 is £87,837. On top of this we pay the Audit Commission for auditing grant claims. The table below provides a comparison of the audit charges for 2009/10, 2010/11 and the current year charges for 2011/12.

Audit Fee	2009/10 £	2010/11 £	2011/12 £
Main Audit Fee	87,000	85,673	87,837
Grant Claims Work	30,654	25,100	25,850
CAA Managing Performance	8,317	0	0
Total of all Audit Fees	125,971	110,773	113,687

2.3 Concerns were expressed across Lancashire regarding the minimal change in main audit fees following the abolition of the CAA/Use of Resources regimes. Within the main audit fee for 2009/10 (£87,000), the element charged for CAA - Use of Resources/VFM conclusion represented £27,664. We, along with other authorities, expected our fees to reduce significantly as a result of the cessation of the Use of Resources work, which took a considerable amount of time to audit.

2.4 Following the consultation regarding audit fees in February this year the Commission agreed, subject to affordability to make rebates of up to 8% in 2011/12.

3 LATEST POSITION

3.1 I received correspondence from the Audit Commission on 7 July 2011 as attached at Annex 1. This confirms that we will receive an 8% rebate on our main audit fee.

3.2 An 8% rebate would equate to £7,027. Whilst this is pleasing news we feel that this is not in line with the amount we would expect given the abolition of Use of Resources work.

3.3 Our external auditors have pointed out that audit fees are the principal way in which the Audit Commission finances its activities and as such can be viewed more as a levy rather than payment for a service. However the Council along with all other public sector bodies finds itself having to make significant savings in its expenditure as result of a reduction in our formula grant at the same time as a freeze on our council tax receipts. It is not unreasonable therefore for the Council to expect a significant reduction in our external audit fees.

3.4 The letter states that the Commission are committed to deliver significant fee reductions next year, in 2012/13. We can only wait and see at what level these will be.

4 CONCLUSION

4.1 Our main audit fee for 2011/12 will now be £80,810. After adding on the cost of grant claims the total audit fees will be £106,660.

DIRECTOR OF RESOURCES

AA16-11/JP/AC
11 AUGUST 2011

From: Audit Commission [<mailto:a-commission@audit-commission.gov.uk>]
Sent: 07 July 2011 12:11
To: Jane Pearson
Subject: Audit Commission Audit Fee Rebate



Dear Ms Pearson

I am pleased to confirm the Audit Commission will be giving you a rebate of 8 per cent on your audit fee for 2011/12.

When confirming the work programme and scales of fees for 2011/12 in February, the Commission agreed, subject to affordability, to make additional rebates in 2011/12. This means all audited bodies will see a significant net reduction in fees compared to 2010/11.

The rebate will be deducted from your monthly instalments to the Commission.

We are continuing to drive down our costs and be more efficient so we can reduce fees for audited bodies. We will continue our approach of returning annual surpluses to bodies in a planned way.

Subject to the timetable for our abolition, we are also committed to delivering further significant fee reductions in 2012/13. We aim to consult on scales of fees for 2012/13 later this year.

If you have any questions or comments, please contact your appointed auditor.

You may also be interested to know that the Audit Commission's Annual report and accounts 2010/11 will be laid before Parliament on Tuesday 12 July. You will be able to find a copy of the report on our [website](#) from Wednesday 13 July.

Yours sincerely

Eugene Sullivan
Chief Executive, Audit Commission

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