


5 June 2018

Report of	Assistant Director, Policy & Corporate	Author	Steve Heath
Title	Audit Fees 2018/19		 282389
Wards affected	Not applicable		

1. Executive Summary

- 1.1 This report advises of the change in external auditors from Ernst & Young to BDO, which will be effective from the 2018/19 financial year.
- 1.2 The proposed 2018/19 scale fee is £48,188, which is within the budgeted amount.
- 1.3 It should be noted that the current auditors, Ernst & Young, are undertaking work on the 2017/18 accounts, and are scheduled to present their Audit Results Report to the Committee on 10 July 2018.

2. Recommended Decision

- 2.1 To consider and note the proposed audit fees for 2018/19.

3. Reason for Recommended Decision

- 3.1 The Accounts and Audit Regulations require the Council to review the proposed audit approach and scope for the 2018/19 audit.
- 3.2 To ensure that the audit is aligned with the Committee's service expectations.

4. Alternative Options

- 4.1 None.

5. Background Information

Appointment of auditor from 2018/19

- 5.1 For audits of accounts from 2018/19, Public Sector Audit Appointments Limited (PSAA) was responsible for appointing an auditor to principal local government and police bodies that had chosen to opt into its national auditor appointment arrangements. Colchester Borough Council opted into this arrangement.
- 5.2 On 14 December 2017, the PSAA board approved the appointment of BDO LLP as the external auditor of Colchester Borough Council for a period of five years, covering the accounts from 1 April 2018 to 31 March 2023.

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- 5.3 The attached fee letter confirms the auditor's proposed fees and work for the 2018/19 financial year.
- 5.4 It should be pointed out that the work relating to the certification of grants and returns do not form part of this proposal, and will be subject to separate agreements. This includes work on the housing benefits subsidy claim and the housing pooling return.

6. Strategic Plan References

- 6.1 The objectives and priorities of the Strategic Plan informed all stages of the budget process for 2018/19.

7. Financial implications

- 7.1 The Fees Letter proposes a scale fee of £48,188 for work on the 2018/19 accounts.
- 7.2 PSAA set the 2018/19 fee scale on the basis that fees for all opted-in bodies were reduced by 23% from the 2017/18 fees. This includes the cost savings achieved in the audit procurement, as well as economies that PSAA is making in its own operating costs.
- 7.3 The fee reduction does not mean there will be a change in the scope, volume or quality of audit work required. Auditors must undertake sufficient work to comply with the requirements of the Code of Audit Practice, the Local Audit and Accountability Act 2014, relevant professional standards, and their contractual obligations to PSAA.
- 7.4 The scale fee is below the amount budgeted in the 2018/19 financial year. This position will be kept under review during the year, particularly regarding fees for the certification work, as well as any proposed variations to the scale fees. Any projected variances will be reported to Members as part of the quarterly revenue monitoring reports.

8. Publicity Considerations

- 8.1 The notice of appointment of the auditor from 2018/19 was added to the Council's website in March 2018, and is available via the following link:

<http://www.colchester.gov.uk/article/11905/External-Audit-Arrangements>

9. Other Standard References

- 9.1 Having considered consultation, equality, diversity and human rights, health and safety, community safety and risk management implications, there are none that are significant to the matters in this report.

Appendices

BDO Fee Letter 2018/19