



EASTBOURNE BOROUGH COUNCIL

Planning Letter 2015/16

22 December 2014

PROPOSED FEES

Scope of the audit

We are required to report to you our proposed fees and programme of work for the 2015/16 financial year.

The proposed fee is based on the consultation undertaken by the Audit Commission in October 2014. Although the Commission will close on 31 March 2015, the Department for Communities and Local Government (CLG) has asked the Commission to set fees for principal bodies before it closes.

The existing Commission's Code of Audit Practice will be replaced by a new Code of Audit Practice to be issued by the National Audit Office, currently being consulted on. In setting fees, the Commission has assumed that there is little change to the scope of the work required to be undertaken by auditors.

The new Code audit fee is expected to cover:

- Audit of the financial statements
- Value for money conclusion
- Whole of Government Accounts return.

There is a separate proposed fee for the certification of the Housing Benefit subsidy return on behalf of the Department for Work and Pensions.

Indicative fees

The indicative fee does not include any time required to investigate questions or objections from members of the public. Should any arise, time spent dealing with questions and objections will be billed separately. Where possible we will provide an estimate of the likely time required to respond to the matters before starting the work.

From 1 April 2015, the Public Sector Audit Appointments Limited (PSAA) will oversee the Commission's contracts through to the end of 2017. It will also be responsible for setting fees in the future.

If we need to propose any amendments to the audit fee during the course of the audit or where our assessment of risk and complexity are significantly different from those reflected in the proposed fee, we will first discuss this with the Director of Corporate Services and seek approval from the Audit Commission for a proposed variation of fee. If necessary, we will also prepare a report outlining the reasons why the fee needs to change for discussion with the Audit and Governance Committee.

Fees

AUDIT AREA	PROPOSED FEE 2015/16 (£)	PROPOSED FEE 2014/15 (£)	ACTUAL FEE 2013/14 (£)
Code audit fee	67,781	90,374	89,636
Certification fee	8,297	11,062	12,592
Total audit fees	76,078	101,436	102,228

In 2013/14, the proposed Code audit fee was £88,920 and we included a variation of £716 for work previously undertaken as part of the certification fee that has now been undertaken under the Code audit fee. The certification fee had reduced from £22,350 in 2012/13 to £12,592, resulting in a net savings of £9,042.

The Commission has consulted on rebasing the Code audit fee from 2014/15 for the work previously undertaken as part of the certification work and reviewed the additional work that we are required to undertake following the withdrawal of the audit requirement to certify NDR income and the local council tax support expenditure. From 2014/15, we have therefore increased the Code audit fee by £900 and £554 respectively. The £900 increase has been included in the current published indicative fees (2014/15 £89,820) and we await approval from the Commission for the remaining £554 fee variation.

The Commission has set the indicative certificate fees based on outturn fees from 2012/13. As a result of improvements to the housing benefits work undertaken by internal audit, we are able to reduce the indicative fees from £15,080 in 2014/15 to £11,062 using the 2013/14 outturn costs.

The Commission completed a further audit procurement exercise in April 2014 which has enabled the Commission to further reduce fees for the two years from 2015/16, and CLG may wish to extend these contracts to lock in the reduced fees for a further three years. This has allowed the Commission to reduce fees by an additional 25%. This, along with the other savings above, has resulted in combined Code and certification fee savings of £35,192 since 2012/13 (£111,270) for the Council.

AUDIT ARRANGEMENTS

Planned outputs

We plan to issue the following reports and opinions over the course of the 2015/16 audit:

REPORT	DATE
Progress reports to the Audit and Governance Committee	each meeting
Detailed audit plan	March 2016
Report on any significant deficiencies in internal controls, if required, based on the results of our interim audit visit	May 2016
Final report to those charged with governance	September 2016
Independent auditor's report including: <ul style="list-style-type: none">Opinion on the financial statementsValue for money conclusion	September 2016
Whole of Government Accounts assurance statement and report to the NAO	October 2016
Summary of findings from the audit in the annual audit letter	October 2016
Grant claims and returns certification report	December 2016

Audit team

The key members of the audit team will be:

Engagement Lead - Leigh Lloyd-Thomas

email: leigh.lloyd-thomas@bdo.co.uk

Tel: 020 7893 2616

Leigh will be responsible for the overall delivery of the audit including the quality of outputs and liaison with senior management.

Engagement Manager - Janine Combrinck

email: janine.combrinck@bdo.co.uk

Tel: 020 7893 22631

Janine will manage and co-ordinate each aspect of the audit and will be the key contact with the Finance team.

Team Leader - Lucy Ballard

email: lucy.ballard@bdo.co.uk


Tel: 020 7034 5878

Lucy will lead the delivery of the financial statements audit.

Client satisfaction

We are committed to providing you with a high quality service. If you are in any way dissatisfied, or would like to discuss how we can improve our service, please contact Leigh in the first instance. Alternatively, you may wish to contact our Managing Partner, Simon Michaels. Any complaint will be investigated carefully and promptly. If you are not satisfied you may take up the matter with the Institute of Chartered Accountants in England and Wales ("ICAEW").

In addition, the Audit Commission's complaints handling procedure is detailed in their leaflet "How to complain: What to do if you want to complain about the Audit Commission or its appointed auditors", which is available on their website <http://www.audit-commission.gov.uk/about-us/contact-us/complaints>



The matters raised in our report prepared in connection with the audit are those we believe should be brought to your attention. They do not purport to be a complete record of all matters arising. This report is prepared solely for the use of the organisation and may not be quoted nor copied without our prior written consent. No responsibility to any third party is accepted.

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