

# Informal Joint Performance and Audit Scrutiny Committee



Forest Heath  
District Council

<b>Title of Report:</b>	<b>Ernst and Young –2018/2019 Indicative Fees</b>	
<b>Report No:</b>	<b>PAS/FH/18/018</b>	
<b>Report to and date/s:</b>	<b>Performance and Audit Scrutiny Committee</b>	31 May 2018
<b>Portfolio holder:</b>	Councillor Stephen Edwards Portfolio Holder for Resources and Performance <b>Tel:</b> 01799 530325 <b>Email:</b> <a href="mailto:Stephen.edwards@forest-heath.gov.uk">Stephen.edwards@forest-heath.gov.uk</a>	
<b>Lead officer:</b>	Rachael Mann Assistant Director (Resources and Performance) <b>Tel:</b> 01638 719245 <b>Email:</b> <a href="mailto:Rachael.mann@westsuffolk.gov.uk">Rachael.mann@westsuffolk.gov.uk</a>	
<b>Purpose of report:</b>	To provide members with a basis to review the indicative fees for the 2018/2019 audit as set out in the letter attached at <b>Appendix B</b> .	
<b>Recommendation:</b>	<b>Performance and Audit Scrutiny Committee:</b>  <b>Members are asked to <u>note</u> the External Audit indicative fees for 2018/2019.</b>	

<b>Key Decision:</b> <i>(Check the appropriate box and delete all those that <b>do not</b> apply.)</i>		<i>Is this a Key Decision and, if so, under which definition?</i> Yes, it is a Key Decision - <input type="checkbox"/> No, it is not a Key Decision - <input checked="" type="checkbox"/>	
<b>Consultation:</b>		<ul style="list-style-type: none"> <li>This report has been prepared in consultation with the Resources and Performance team and the Portfolio Holder for Resources and Performance.</li> </ul>	
<b>Alternative option(s):</b>		<ul style="list-style-type: none"> <li>N/A</li> </ul>	
<b>Implications:</b>			
<i>Are there any <b>financial</b> implications? If yes, please give details</i>		Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> <ul style="list-style-type: none"> <li>The report includes an indicative audit fee for 2018/19 of £36,235.</li> </ul>	
<i>Are there any <b>staffing</b> implications? If yes, please give details</i>		Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> <ul style="list-style-type: none"> <li></li> </ul>	
<i>Are there any <b>ICT</b> implications? If yes, please give details</i>		Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> <ul style="list-style-type: none"> <li></li> </ul>	
<i>Are there any <b>legal and/or policy</b> implications? If yes, please give details</i>		Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> <ul style="list-style-type: none"> <li>External audit is a statutory function.</li> </ul>	
<i>Are there any <b>equality</b> implications? If yes, please give details</i>		Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> <ul style="list-style-type: none"> <li></li> </ul>	
<b>Risk/opportunity assessment:</b>		<i>(potential hazards or opportunities affecting corporate, service or project objectives)</i>	
<b>Risk area</b>	<b>Inherent level of risk</b> (before controls)	<b>Controls</b>	<b>Residual risk</b> (after controls)
	Low/Medium/ High*		Low/Medium/ High*
The assumptions made in arriving at the indicative fee may not be correct.	Medium	Officers will work closely with external audit to ensure that the processes that underlie the assumptions identified in Appendix A are met.	Low
<b>Ward(s) affected:</b>		N/A	
<b>Background papers:</b>		None	
<b>Documents attached:</b>		<b>Appendix A</b> – EY SEBC Annual Audit Fee Letter 2018/2019  <b>Appendix B</b> – EY FHDC Annual Audit Fee Letter 2018/19  <b>Appendix C</b> – EY SEBC Housing Subsidy Certification Letter 2018/19  <b>Appendix D</b> – EY FHDC Housing Subsidy Certification Letter 2018/19	

## 1. Key issues and reasons for recommendation(s)

- 1.1 From 2018/19, new rules apply whereby principal authorities are now responsible for making their own arrangements for appointing auditors to carry out the audit of the accounts. Public Sector Audit Appointments Ltd (PSAA) has appointed auditors on behalf of councils that have opted into a national scheme. Appointments, which were confirmed in December 2017, cover the audits of the accounts for 2018/19 to 2022/23. St Edmundsbury Borough Council and Forest Heath District Council opted into the national scheme and have been appointed Ernst and Young LLP (EY) as their auditors.
- 1.2 For 2018/19 PSAA has set the scale fee for each audited body that has opted into the national scheme. The letters at **Appendices A** and **B** set out what the fees are, what they cover and the assumptions underlying the fee levels.
- 1.3 The indicative fees, as set out in the table below, represent a reduction of 23% from the planned fees for 2017/18. Adequate provision has been made in the councils' budgets to cover these fees:

<b>Audit Scale Fee</b>	<b>Planned fee 2017/18 £</b>	<b>Indicative fee 2018/19 £</b>
St Edmundsbury BC	43,767	33,701
Forest Heath DC	47,059	36,235

- 1.4 The indicative fees will be reviewed and updated as necessary following the completion of the 2017/18 audit. They do not include the certification of the councils' 2018/19 housing benefit subsidy claims, which are dealt with below.

### **Housing Subsidy Certification**

- 1.5 Provision of Housing Benefit subsidy certification audit services falls outside of the PSAA remit of appointing auditors. As such they need to be appointed by each participating council.
- 1.6 In order to keep consistency of approach across each partner council that make up the Anglia Revenues Partnership, it is proposed to continue to use EY to deliver the Housing Benefit subsidy certification service for 2018/19.
- 1.7 The indicative fees, as set out in the table below and further detailed in **appendices C** and **D**, represent a reduction of 1.6% from the fees for 2017/18. Adequate provision has been made in the councils' budgets to cover these fees:

<b>Audit scale fee</b>	<b>Fee 2017/18 £</b>	<b>Indicative fee 2018/19 £</b>
St Edmundsbury BC	15,203	14,960
Forest Heath DC	15,203	14,960

- 1.8 As above, it is proposed to continue the use of EY for the 2018/19 period; the s.151 Officer, in consultation with the Portfolio Holder for Resources and Performance will confirm this arrangement. The arrangements for 2019/20 will be a matter for the Shadow Council to appoint, in line with its own constitutional provisions.