

 Finance and Audit Scrutiny Committee 9th June 2009		Agenda Item No. <div style="text-align: right; font-size: 2em;">7</div>
Title	Audit Opinion Plan and Audit/Inspection Fees 2009/10	
For further information about this report please contact	Mike Snow (01926) 456800 Mike.snow@warwickdc.gov.uk	
Service Area	Finance	
Wards of the District directly affected	None specifically	
Is the report private and confidential and not for publication by virtue of a paragraph of schedule 12A of the Local Government Act 1972, following the Local Government (Access to Information) (Variation) Order 2006	No	
Date and meeting when issue was last considered and relevant minute number	Audit and Resources 3 June 2008	
Background Papers	None	

Contrary to the policy framework:	No
Contrary to the budgetary framework:	No
Key Decision?	No
Included within the Forward Plan? (If yes include reference number)	No

Officer/Councillor Approval		
With regard to officer approval all reports <i>must</i> be approved by the report authors relevant director, Finance, Legal Services and the relevant Portfolio Holder(s).		
Officer Approval	Date	Name
Relevant Director	26/5/09	Andy Jones
Chief Executive		
CMT		
Section 151 Officer	26/5/09	Mike Snow
Legal	26/5/09	Peter Oliver
Finance	26/5/09	Mike Snow
Portfolio Holder(s)	26/5/09	Councillor Andrew Mobbs
Consultation Undertaken		
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Final Decision?	Yes/No	
Suggested next steps (if not final decision please set out below)		

1. **SUMMARY**

- 1.1 This report asks the Committee to consider the Annual Audit and Inspection Plan for 2008-09 from the external auditors; and if necessary agree any further information required from either officers or the Councils Auditors. The Council's External Auditors will attend the Finance and Audit Scrutiny Committee for this item.

2. **RECOMMENDATION**

- 2.1 The Committee considers the Annual Inspection Fee 2009/10 letter, the Audit Opinion Plan 2008/09 letter and the Annual Audit and Inspection Plan for 2008/09 attached and agrees any further information required from either officers or the Councils Auditors.

3. **REASONS FOR THE RECOMMENDATION**

- 3.1 In recent years, documents such as these have been shared with the Audit and Resources Committee. Both the External Auditors and I feel consideration will aid the understanding of the role of the Council's external auditors.

4. **ALTERNATIVE OPTION CONSIDERED**

- 4.1 None.

5. **BUDGETARY FRAMEWORK**

- 5.1 The proposed 2009/10 Audit Fee is £116,843, and £8,320 for the Inspection work, totalling £125,163.
- 5.2 The Council's budget for 2009/10 for External Audit fees is £122,600. This is £2,500 below the fees proposed above.
- 5.3 In addition, the Council has specific budgets for the audit of specific grants/subsidy totaling £43,000. With the increased work being undertaken internally relating to the Benefits subsidy claim (see paragraph 7.5), it is anticipated that there will be saving which will more than offset the £2,500.

6. **POLICY FRAMEWORK**

- 6.1 By considering the documents, members can see how external audit can assist the Council in its priority of managing the Councils resources effectively and ensuring its services are of a high quality.

7. **BACKGROUND**

- 7.1 In previous years the external auditors have issued a single Annual Audit and Inspection Plan. In place of this, the auditors have instead issued the following documents:-

- Annual Audit Fee Letter 2009/10
- Annual Inspection Fee Letter 2009/10
- Audit Opinion Plan 2008/09

- 7.2 It will be noted that the Annual Audit Fees for 2009/10 have increased from that considered a year ago for 2008/09. The fee now quoted is the “scale fee” based on the authority being classes as medium risk. Previously the fee was below scale, based on low risk. The reason for the deemed increase in risk is related to the issues with the 2008/09 Statements of Accounts which were qualified.
- 7.3 The issue of a specific Inspection Fee replaces the charges previously incurred for the Direction of Travel and Data Quality work.
- 7.4 The Audit Opinion Plan details the work the auditors will be undertaking in considering the 2008/09 Accounts and the proposed timetable.
- 7.5 The external auditors have proposed that much of the work on the Benefits Subsidy claim, which is by far the largest single grant claim audit could be carried out by officers. Last year the auditors spent 85 days working on this claim (which included some of their own training time for which the Council was not charged). In practice much of the work is done by officers who have to work closely with the auditors to supply the required information. It therefore seems sensible for much of this work to be done in-house. The external auditors will still have to do some testing of their own. It is hoped that this approach should reduce the audit to around 30 days work. It has been agreed that this approach will be followed for the 2008/09 claim, with officers due to receive some relevant training, and the work progressing from June/July onwards.