

External Audit Annual Audit Fee 2014/15
Report by Head of Finance

Summary: This report appends the annual audit fee letter from Ernst & Young for undertaking the 2014/15 audit. The fee will be maintained at £13,943.

This report also appends notification of a rebate for audit fees from the Audit Commission in relation to the 2013/14 audit.

Recommendation: That the details of the annual audit fee letter be noted, and the Audit Commission rebate be welcomed.

1 External Audit fee 2014/15

- 1.1 This report appends Ernst & Young's 2014/15 audit fee letter (Appendix 1), setting out the audit fee which will be payable for undertaking the 2014/15 audit of the Authority's accounts and its financial, governance and value for money arrangements.
- 1.2 Members will note that the audit fee will be £13,943, which represents no change when compared with the audit fee charged for 2013/14 and 2012/13.
- 1.3 The Audit Manager, David Riglar, will be attending the meeting and will present this item and answer any questions.

2 Audit Commission rebate 2013/14

- 2.1 As in 2012/13, the Audit Commission has notified the Authority of a rebate for audit fees following the revisions to its structure and business model which have enabled reductions in costs. Details of the circumstances giving rise to this rebate are set out in Appendix 2. Please note that although the letter refers to 2012/13, this rebate refers to the 2013/14 financial year.
- 2.2 The Audit Commission rebate for 2013/14 is £1,908, compared to a rebate in 2012/13 of £1,200.

3 Financial implications

- 3.1 Provision for the annual audit fee was included in the 2013/14 budget and has been charged in the accounts for the year. The proposed External Audit fee for 2014/15 has similarly been provided for in the current year's budget.

Background papers: None

Author: Titus Adam
Date of report: 20 June 2014

Broads Plan Objectives: None

Appendices: APPENDIX 1 – Ernst & Young audit fee letter 2014/15
APPENDIX 2 – Audit Commission rebate for audit fees letter

Dr John Packman
Chief Executive Officer
Broads Authority
Yare House
62-64 Thorpe Road
Norwich
NR1 1RY

16 April 2014

Ref: Broads Authority/Fee letter 14-15

Direct line: 07967 624335

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Dear John

Annual Audit Fees 2014/15

We are writing to confirm the audit work that we propose to undertake for the 2014/15 financial year at the Broads Authority. The fee reflects the risk-based approach to audit planning set out in the Code of Audit Practice and the work mandated by the Audit Commission for 2014/15.

Indicative Audit Fee

The audit fee covers the:

- ▶ Audit of the financial statements;
- ▶ Value for money conclusion; and
- ▶ Whole of Government accounts.

For the 2014/15 financial year the Audit Commission has set the scale fee for each audited body as part of the recent 5 year procurement exercise and consequently it is not liable to increase in that period without a change in scope.

The 2014/15 scale fee is based on certain assumptions, including:

- ▶ The overall level of risk in relation to the audit of the financial statements is not significantly different from that of the prior year;
- ▶ We are able to place reliance on the work of internal audit to the maximum extent possible under auditing standards;
- ▶ The financial statements will be available to us in line with the agreed timetable;
- ▶ Working papers and records provided to us in support of the financial statements are of a good quality and are provided in line with our agreed timetable; and
- ▶ Prompt responses are provided to our draft reports.

Meeting these assumptions will help ensure the delivery of our audit at the indicative audit fee.

The indicative audit fee set out in the table below has initially been set at the scale fee level as the overall level of risk in relation to the audit of the financial statements is not significantly different from that of the prior year.

As we have not yet completed our audit for 2013/14, our audit planning process for 2014/15 will continue as the year progresses. Fees will be reviewed and updated as necessary, within the parameters of our contract with the Audit Commission.

Summary of Fees

	Indicative fee 2014/15 £	Planned fee 2013/14 £	Actual fee 2012/13 £
Total Code audit fee	13,943	13,943	13,943

Any additional work that we may agree to undertake (outside of the Audit Code of Practice) will be separately negotiated and agreed with you in advance.

Billing

The indicative audit fee will be billed in 4 quarterly instalments of £3,485.75.

Audit Plan

Our plan for the audit of the financial statements will be issued in March 2015. This will detail the significant financial statement risks identified, planned audit procedures to respond to those risks, and any changes in fee. It will also set out the risks identified in relation to the Value for Money conclusion. Should we need to make any significant amendments to the audit fee during the course of the audit, we will discuss this in the first instance with the Head of Finance and, if necessary, prepare a report outlining the reasons for the fee change for discussion with the Financial Scrutiny and Audit Committee.

Audit team

The key members of the audit team for the 2014/15 financial year are:

Neil Harris
Director

NHarris2@uk.ey.com

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David Riglar
Manager

DRiglar@uk.ey.com

Tel: 07789 032619

We are committed to providing you with a high quality service. If at any time you would like to discuss with us how our service to you could be improved, or if you are dissatisfied with the service you are receiving, please contact me. If you prefer an alternative route, please contact Steve Varley, our Managing Partner, 1 More London Place, London, SE1 2AF. We undertake to look into any complaint carefully and promptly and to do all we can to explain the position to you. Should you remain dissatisfied with any aspect of our service, you may of course take matters up with our professional institute.

Yours faithfully



Neil Harris
Director
For and on behalf of Ernst & Young LLP

cc. Titus Adam, Head of Finance
Guy McGregor, Chair of the Financial Scrutiny and Audit Committee

Our reference Rebate

Date 27th March 2014

Dr John Packman
Chief Executive
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NR3 1UB

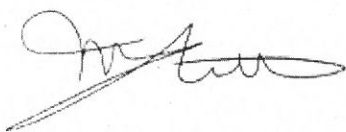
Direct line 07785 778 526
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 commission.gsi.gov.uk

Dear Dr Packman

The Audit Commission has agreed an immediate rebate of £8 million to be distributed across local audit bodies. The announcement comes following a meeting of the Audit Commission's Board, who met to discuss the strategy for managing any retained earnings prior to its closure at the end of March 2015. The decision was made as part of the Board's role in setting the Commission's strategy and objectives and for determining its budget and the way it carries out its functions.

Please find attached the rebate that applies to your organisation which we are applying to the 2012/13 audit fee.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Marcine Waterman', written over a horizontal line.

Marcine Waterman
Controller of Audit