

**External Audit Annual Audit Fee 2015/16**  
Report by Head of Finance

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| <p><b>Summary:</b> This report appends the annual audit fee letter from Ernst &amp; Young for undertaking the 2015/16 audit. The fee will be maintained at £13,943.</p> <p>This report also appends notification of a rebate for audit fees from the Audit Commission in relation to the 2014/15 audit.</p> <p><b>Recommendation:</b> That the details of the annual audit fee letter be noted, and the Audit Commission rebate be welcomed.</p> |
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**1 External Audit fee 2014/15**

- 1.1 This report appends Ernst & Young's 2015/16 audit fee letter (Appendix 1), setting out the audit fee which will be payable for undertaking the 2015/16 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 2014/15 and 2013/14.

**2 Audit Commission rebate 2014/15**

- 2.1 As in 2013/14, the Audit Commission provided a rebate for audit fees following the revisions to its structure and business model which have enabled reductions in costs. In 2014/15 the Authority received £1,433 in comparison to £1,908 received in 2013/14.

**3 Financial implications**

- 3.1 Provision for the annual audit fee was included in the 2014/15 budget and has been charged in the accounts for the year. The proposed External Audit fee for 2015/16 has similarly been provided for in the current year's budget.

Background papers: None

Author: Emma Krelle  
Date of report: 19 June 2015

Broads Plan Objectives: None

Appendices: APPENDIX 1 – Ernst & Young audit fee letter 2014/15

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21 April 2015

Ref: Broads Authority/Fee letter 15-16

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Dear John

## Annual Audit Fees 2015/16

We are writing to confirm the audit work that we propose to undertake for the 2015/16 financial year at Broads Authority.

Our 2015/16 audit is the first that we will undertake following the closure of the Audit Commission on 31 March 2015. Our contract will now be overseen by Public Sector Audit Appointments Ltd (PSAA), an independent company set up by the Local Government Association, until it ends in 2017 (or 2020 if extended by the Department of Communities and Local Government).

The responsibility for publishing the statutory Code of Audit Practice, under which we will conduct our audit work, has transferred to the National Audit Office.

### Indicative audit fee

The fee reflects the risk-based approach to audit planning set out in the National Audit Office's Code of Audit Practice for the audit of local public bodies, applying from 2015/16 audits.

The audit fee covers the:

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

For the 2015/16 financial year the Audit Commission has set the scale fee for each audited body prior to its closure. The scale fee is based on the fee initially set in the Audit Commission's 2012 procurement exercise. It is not liable to increase during the remainder of our contract without a change in the scope of our audit responsibilities.

The 2015/16 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 which is set out in the table below.

For the Broads Authority this fee is set at the scale fee level as the overall level of audit risk is not significantly different from that of the prior year.

As we have not yet completed our audit for 2014/15, our audit planning process for 2015/16 will continue as the year progresses. Fees will be reviewed and updated as necessary, within the parameters of our contract.

#### Summary of fees

|                      | Indicative fee<br>2015/16<br>£ | Planned fee<br>2014/15<br>£ | Actual fee<br>2013/14<br>£ |
|----------------------|--------------------------------|-----------------------------|----------------------------|
| Total Code audit fee | 13,943                         | 13,943                      | 13,943                     |

Any additional work that we may agree to undertake (outside of the Code of Audit 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 will be issued in March 2016. This will communicate any significant financial statement risks identified, planned audit procedures to respond to those risks and any changes in fee. It will also set out the significant 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.

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

A handwritten signature in dark ink, appearing to be 'Neil Harris', written in a cursive style.

Neil Harris  
Director  
Ernst & Young LLP  
United Kingdom

cc. Emma Krelle, Head of Finance  
Chair of the Financial Scrutiny and Audit Committee