

14.1 EXTERNAL AUDIT (KPMG) 2017/18 AUDIT FEE LETTER (AMcC)

1. Purpose of the report

This report asks Members to note a letter from the Authority's external auditor, KPMG, setting out details of the audit work and fee proposed for the 2017/18 financial year.

Key Issues

- **The Authority's external auditors are KPMG.**
- **At the March meeting of the Committee Members received the Audit Plan for the 2016/17 financial year.**
- **The External Auditor has now written to the Authority to confirm the Audit fee for the 2017/18 financial year. A copy of the letter is attached at Appendix 1.**

2. Recommendation

To note the letter from the External Auditor (KPMG) setting out details of the audit work and fee proposed for the 2017/18 financial year.

3. How does this contribute to our policies and legal obligations?

The work of the external auditors is a key part of our governance arrangements and helps us to monitor and improve performance to ensure the Authority has a solid foundation supporting achievement of our four cornerstones and four directional shifts as detailed in our 2017/18 performance and business plan. Achieving an unqualified opinion on the financial statements and satisfying the Auditor that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources through the review of the Annual Governance Statement is a corporate performance indicator.

4. Background

The statutory responsibilities and powers of auditors appointed by Public Sector Audit Appointments Ltd (PSAA) are set out in the Local Audit and Accountability Act 2014 and the National Audit Office's Code of Audit Practice.

The 2017/18 audit will be the last under the current transitional arrangements whereby the PSAA is responsible for managing the audit contracts transferred to it from the Audit Commission when the Audit Commission closed in March 2015. On 7 October 2016 the Authority agreed to opt into the national audit appointment arrangements of PSAA for the appointment of the Authority's external auditors for the 2018/19 accounts onwards.

5. Proposals

The External Auditor has written to the Authority to confirm the Audit Fee for 2017/18. The letter indicates that the planned fee for 2017/18 will be £13,259, the same amount as 2016/17.

The 2017/18 fee has been set on the basis that the Code of Audit Practice and supporting guidance issued by the National Audit Office does not change the level of work required on the Value for Money (VFM) audit. Should this not be the case, or of

new or increased significant VFM audit risks arrive that require further audit work, additional fees will be necessary over and above the scale fee. Any such additional fees will be subject to approval through PSAA's fee variation process.

Are there any corporate implications members should be concerned about?

- 6. Financial:**
The fees for external audit are funded from the existing Finance Services budget. There will need to be an adjustment to the budget to meet the additional costs.
- 7. Risk Management:**
The scrutiny and advice provided by external audit is part of our governance framework. The Auditor's work is based on an assessment of audit risk.
- 8. Sustainability:**
There are no issues to highlight.
- 9. Equality:**
There are no issues to highlight.
- 10. Background papers (not previously published)**
None

Appendices

Appendix 1 – Letter from KPMG – Annual Audit Fee 2017/18

Report Author, Job Title and Publication Date

Andrea McCaskie, Interim Director of Corporate Strategy and Development, 11 May 2017