

**GOVERNANCE AND AUDIT COMMITTEE  
29 MARCH 2010**

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**AUDIT PLAN 2009/10  
(Audit Commission)**

**1 PURPOSE OF REPORT**

- 1.1 The purpose of this report is to set out details of the annual external audit fee and annual inspection fee for 2010-11 for the Governance and Audit Committee to note. The External Auditor will attend the meeting to answer any questions.

**2 RECOMMENDATIONS**

- 2.1 That the Governance and Audit Committee note the indicative annual external audit fee of £309,600 including the fee for audit of grant claims (to be reduced by a rebate for IFRS) at Appendix 1.
- 2.2 That the Governance and Audit Committee note the indicative annual inspection fee of £18,293 at Appendix 2.

**3 ADVICE RECEIVED FROM STATUTORY OFFICERS**

Borough Solicitor

- 3.1 Nothing to add to the report.

Borough Treasurer

- 3.2 The 2009/10 budget includes the provision of £316,570 for audit and inspection fees. The proposed audit and inspection fees after taking into account the Audit Commission rebate for IFRS is likely to be around £321,000 which is slightly higher than is in the budget. However it is anticipated that the work on grant claims with the Auditors will bring the overall audit fee within budget.
- 3.3 Based on the agreed risk assessment and taking into account the guidelines set down by the Audit Commission the Chief Executive and Borough Treasurer do not believe there are grounds to appeal against the 2010/11 audit and inspection fees.

Strategic Risk Management

- 3.4 The risks identified by the District Auditor will be addressed in departmental service plans for 2009/10.

**4 SUPPORTING INFORMATION**

- 4.1 The Council has received notification from the Audit Commission of the indicative external audit fee of £256,600 plus certification of grant claims £53,000 for 2010/11. This is based on the risk-based approach to audit planning set out in the Code of Audit and work mandated by the Audit Commission for 2010/11. As the audit for 2009/10 is not completed, the planning process for 2010/11, including risk

assessment will continue as the year progresses and fees will be reviewed and updated as necessary. This indicative fee excludes the inspection and assessment fees. It reflects only the audit element of the external auditor's work which covers the audit of the financial statements and whole of government accounts (WGA), Use of Resources/VFM conclusion, and certification of claims and returns.

- 4.2 In setting the indicative fee, the District Auditor has assumed that the general level of risk in relation to the audit of the financial statements is not significantly different from that identified in 2009/10. However the additional provision of 12% (2008/09 6%) above the standard audit fee set by the Audit Commission has been made in the external audit plan indicative fee because of the additional work required on IFRS. As the attached letter identifies half of this increase will be rebated by the Audit Commission.
- 4.3 The Chief Executive and Borough Treasurer had a meeting with the District Auditor on the proposed audit fee for 2010/11. The risks identified in the attached document were discussed and agreed.
- 4.4 The fee for grant claims is based on a published day rate and multiplied by an estimate of the days required to complete their audit. The estimate is based on the number of days required to audit the 2008/9 claims. The Benefits Claim presented some problems as identified in the External Auditors report on Grant Claims in 2008/09 and the Officers are working with External Audit to improve the quality of information provided with the objective of reducing the cost of auditing this claim. Therefore it is likely that the audit fee for Grant Claims will be lower in the future.
- 4.5 No specific provision has been made to perform detailed work in response to these or any other major risks which may arise. The District Auditor will consider the arrangements put in place by the Council to mitigate these risks and update his assessment during the year. No specific provision has been made for any auditors costs arising from investigations required as a result of a query from a member of the public.
- 4.5 The Audit Commission have also advised that the indicative fee for the annual assessment and inspection is £18,293. This is based on the risk-based approach to inspection planning as set out in the Comprehensive Area Assessment (CAA) framework and associated guidance and specifically relates to the Audit Commission's inspection work. The inspection plan will be reviewed and updated as necessary and any significant amendments to the plan and fee during the year will be discussed and agreed with the Council.

## **5 CONSULTATION**

- 5.1 Not applicable.

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