

**TO: GOVERNANCE AND AUDIT COMMITTEE
29 JANUARY 2013**

**EXTERNAL AUDIT MATTERS
Borough Treasurer**

1 PURPOSE OF REPORT

- 1.1 To receive the external auditor's Annual Certification Report on claims and returns for 2011/12.
- 1.2 To note the Annual Audit Fee for 2012/13.

2 RECOMMENDATIONS

That the Governance and Audit Committee:

- 2.1 **Receive the external auditor's Annual Certification Report on claims and returns for 2011/12, and**
- 2.2 **Note the Annual Audit Fee for 2012/13.**

3 REASONS FOR RECOMMENDATIONS

- 3.1 To advise the Governance and Audit Committee of the external auditor's conclusions and recommendations following the completion of the annual audit of claims and returns for 2011/12.
- 3.2 To advise the Governance and Audit Committee of the Annual Audit Fee for 2012/13.

4 ALTERNATIVE OPTIONS CONSIDERED

- 4.1 None

5 SUPPORTING INFORMATION

Annual Certification Report

- 5.1 The Council claims significant sums of money from the Government and the external auditor is required to undertake certification work to provide assurance that the Council's claims for grant are made properly and that the information contained in financial returns is reliable. In Bracknell Forest this work is focussed in three areas:
 - Housing and council tax benefit
 - National non-domestic rates
 - Teachers' pensions

Unrestricted

- 5.2 The external auditor's Annual Certification Report on claims and returns for 2011/12 is attached at Annex A and Helen Thompson, Director, Ernst and Young will attend the meeting to present the report and answer questions.

Annual Audit Fee 2012/13

- 5.3 Ernst and Young have been awarded a five year contract to audit public bodies in the South East and are now the Council's external auditors. The fee for 2012/13 has been set by the Audit Commission as part of that procurement exercise and will not increase unless there is a change in the scope of the external auditor's work.
- 5.4 The letter attached at Annex B sets out the scope of the external auditor's work and the assumptions underpinning their fee. The Total Code audit fee (£138,564) represents a reduction of £92,000 when compared to previous years and this saving has been incorporated within the draft budget proposals that are currently out for consultation. No savings have been anticipated from the work associated with the certification of claims and returns at this stage as these costs have proven to be more volatile in the past. The recent improvements that have been made in the Council's approach to compiling grant claims and returns should, however, result in an additional saving in the future.

6 ADVICE RECEIVED FROM STATUTORY AND OTHER OFFICERS

Borough Solicitor

- 6.1 Nothing to add to the report.

Borough Treasurer

- 6.2 The costs associated with the certification of claims and returns for 2011/12 can be met from the budget for external audit fees.
- 6.3 A saving was anticipated from the award of the external audit contract to Ernst and Young. The details are set out in Annex B and summarised in paragraph 5.4 above.

Equalities Impact Assessment

- 6.3 Not applicable

Strategic Risk Management Issues

- 6.4 The change of external auditor represents a potential risk as the Council will need to adapt to the requirements of Ernst and Young. This risk is being mitigated by effective communication between the Council, Ernst and Young and Deloitte (the Council's internal audit provider), whose work Ernst and Young will place reliance upon.

Other Officers

- 6.5 Not applicable

7 CONSULTATION

Principal Groups Consulted

7.1 Not applicable

Method of Consultation

7.2 Not applicable

Representations Received

7.3 Not applicable

Background Papers

None

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