

MEDWAY COUNCIL

Planning Letter 2015/16

19 March 2015

PROPOSED FEES

Scope of the audit

We are required to report to you our proposed fees and programme of work for the 2015/16 financial year.

The existing Commission's Code of Audit Practice has been replaced by a new Code of Audit Practice issued by the National Audit Office for 2015/16. However, there is little change to the scope of the work required to be undertaken by auditors.

The Code audit fee covers:

- Audit of the financial statements
- Value for money conclusion.

There is a separate proposed fee for the certification of the Housing Benefit subsidy claim on behalf of the Department for Work and Pensions.

Indicative fees

The proposed fee is based on the consultation undertaken by the Audit Commission in October 2014. Although the Commission will close on 31 March 2015, the Department for Communities and Local Government (CLG) has asked the Commission to set fees for principal bodies before it closes. The Audit Commission will confirm the final 2015/16 work programme and scale fees in late March.

The indicative fee does not include any time required to investigate questions or objections from members of the public. Should any arise, time spent dealing with questions and objections will be billed separately. Where possible we will provide an estimate of the likely time required to respond to the matters before starting the work.

From 1 April 2015, Public Sector Audit Appointments Limited (PSAA) will oversee the Commission's contracts through to the end of 2017. It will also be responsible for setting fees in the future.

If we need to propose any amendments to the audit fee during the course of the audit or where our assessment of risk and complexity are significantly different from those reflected in the proposed fee, we will first discuss this with the Chief Finance Officer and seek approval from the PSAA for a proposed variation of fee. If necessary, we will also prepare a report outlining the reasons why the fee needs to change for discussion with the Audit Committee.

Fees

AUDIT AREA	PROPOSED FEE 2015/16 (£)	PLANNED FEE 2014/15 (£)	ACTUAL FEE 2013/14 (£)
Code audit fee	142,627	189,934	193,268
Certification fee	9,188	12,250	16,341
Review of Teachers Pension Return	4,200	4,200	4,200
Total fees	156,015	206,384	213,809

Our fee for 2013/14 includes a variation of £4,000 for the additional audit work required for the whole of government accounts (WGA). In 2013/14, we also included a variation of £808 for work previously undertaken as part of the certification fee that has now been undertaken under the Code audit fee.

The Commission has consulted on rebasing the Code audit fee from 2014/15 for the work previously undertaken as part of the certification work and reviewed the additional work that we are required to undertake following the withdrawal of the audit requirement to certify Non Domestic Rate income and the local council tax support expenditure. From 2014/15, we have therefore increased the Code audit fee by £1,070 and £404 respectively. The £1,070 increase has been included in the current published indicative scale fees and we await approval from the Commission for the remaining £404 fee variation.

The consultation document mentions that with the transport infrastructure valuation requirements coming in from 2016/17, that there will be additional work needed to audit the initial adoptions disclosures required in 2015/16, and that auditors might be seeking a fee variation increase in 2015/16.

The Commission completed a further audit procurement exercise in April 2014 which has enabled it to further reduce fees for the two years 2015/16 and 2016/17, and CLG may wish to extend these contracts to lock in the reduced fees for a further three years. This has allowed the Commission to reduce fees by 25%, resulting in combined Code and certification fee savings of £50,773 for the Council.

AUDIT ARRANGEMENTS

Planned outputs

We plan to issue the following reports and opinions over the course of the 2015/16 audit:

REPORT	DATE
Audit plan	March 2016
Report on any significant deficiencies in internal controls, if required, based on the results of our interim audit visit	May 2016
Final report to those charged with governance	September 2016
Independent auditor's report including: <ul style="list-style-type: none">• Opinion on the financial statements• Value for money conclusion• Certificate	September 2016
Whole of Government Accounts assurance statement and report to the NAO	October 2016
Summary of findings from the audit in the annual audit letter	October 2016
Grant claims and returns certification report	January 2017

Audit team

The key members of the audit team will be:

Engagement Lead - David Eagles

email: david.eagles@bdo.co.uk

Tel: 01473 320728

David will be responsible for the overall delivery of the audit including the quality of outputs and liaison with senior management.

Engagement Manager - Liana Nicholson

email: liana.nicholson@bdo.co.uk


Tel: 01473 320715

Liana will manage and co-ordinate each aspect of the audit and will be the key contact with the Finance team.

Client satisfaction

We are committed to providing you with a high quality service. If you are in any way dissatisfied, or would like to discuss how we can improve our service, please contact David Eagles in the first instance. Alternatively, you may wish to contact our Managing Partner, Simon Michaels. Any complaint will be investigated carefully and promptly. If you are not satisfied you may take up the matter with the Institute of Chartered Accountants in England and Wales ("ICAEW").

In addition, the Audit Commission's complaints handling procedure is detailed in their leaflet "How to complain: What to do if you want to complain about the Audit Commission or its appointed auditors", which is available on their website <http://www.audit-commission.gov.uk/about-us/contact-us/complaints>. PSAA will put in place similar arrangements for receiving and investigating complaints from 1 April 2015.



The matters raised in our report prepared in connection with the audit are those we believe should be brought to your attention. They do not purport to be a complete record of all matters arising. This report is prepared solely for the use of the organisation and may not be quoted nor copied without our prior written consent. No responsibility to any third party is accepted.

BDO LLP is a corporate establishment under the Limited Liability Partnership Act 2000 and a UK Member Firm of BDO International. BDO LLP is separately authorised and regulated by the Financial Conduct Authority to conduct investment business.

Copyright ©2015 BDO LLP. All rights reserved.

www.bdo.co.uk

