

# additional papers 1



## **Audit, Governance & Standards Committee**

Mon 29 Jul  
2019  
7.00 pm

Committee Room Two  
Town Hall  
Redditch

**REDDITCH** BOROUGH COUNCIL

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**If you have any queries on this Agenda please contact  
Jess Bayley**

**Town Hall, Walter Stranz Square, Redditch, B98 8AH  
Tel: 01527 (01527) 64252 Ext: 3268  
e.mail: [jess.bayley@bromsgroveandredditch.gov.uk](mailto:jess.bayley@bromsgroveandredditch.gov.uk)**



# **Audit, Governance & Standards**

**Committee**

**Monday, 29th July, 2019**

**7.00 pm**

**Committee Room 2 - Town Hall  
Redditch**

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## **Agenda**

### **Membership:**

Cllrs:	John Fisher (Chair)	Ann Isherwood
	Mark Shurmer	Nyear Nazir
	(Vice-Chair)	Yvonne Smith
	Salman Akbar	David Thain
	Tom Baker-Price	
	Michael Chalk	

- 9. Grant Thornton (external audit ) Audit Fee Letter 2019/20 - To follow (Pages 1 - 6)**

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**REDDITCH BOROUGH COUNCIL**AUDIT GOVERNANCE AND STANDARDS COMMITTEE 29<sup>th</sup> July 2019**GRANT THORNTON – AUDIT FEE LETTER 2019/20**

Relevant Portfolio Holder	Councillor David Thain
Portfolio Holder Consulted	No
Relevant Head of Service	Jayne Pickering – Executive Director Finance and Resources
Ward(s) Affected	All Wards
Ward Councillor(s) Consulted	No
Key Decision / Non-Key Decision	Non–Key Decision

**1. SUMMARY OF PROPOSALS**

- 1.1 **To** present Members with the Audit Fee letter for 2019/20 from the Councils External Auditors Grant Thornton and to approve the level of fee.

**2. RECOMMENDATIONS**

- 2.1 **The Committee is asked to RESOLVE that the fee be agreed.**

**3. KEY ISSUES****Financial Implications**

- 3.1 The 2019/20 budget assumes the level of fee of £44,629 as set in the attached letter. The fee in relation to the Housing Benefit Grant certification is to be confirmed.

**Legal Implications**

- 3.2 None as a direct result of this report. The Council currently has a contract with Grant Thornton to provide the External Audit service. This continues to the audit of the 2019/20 accounts.

**Service / Operational Implications**

- 3.3 External Auditors have a duty to carry out all work necessary to meet their statutory responsibilities in accordance with the Code of Audit Practice.
- 3.4 The areas of work include
- Audit of Financial Statements
  - Value for Money Conclusion
  - Work on Whole Of Government Accounts

**Customer / Equalities and Diversity Implications**

**REDDITCH BOROUGH COUNCIL**AUDIT GOVERNANCE AND STANDARDS COMMITTEE 29<sup>th</sup> July 2019

3.5 There are no implications arising out of this report.

4. **RISK MANAGEMENT**

4.1 As part of all audit work the auditors undertake a risk assessment to ensure that adequate controls are in place within the Council so reliance can be placed on internal systems.

5. **APPENDICES**

Appendix 1 – Grant Thornton Audit Fee Letter

6. **BACKGROUND PAPERS**

Individual internal audit reports.

7. **KEY**

N/a

**AUTHOR OF REPORT**

Name: Chris Forrester  
E Mail: [chris.forrester@bromsgroveandredditch.gov.uk](mailto:chris.forrester@bromsgroveandredditch.gov.uk)  
Tel: 01527-881673

Our ref: 2019-20 audit fee

Jayne Pickering  
Executive Director  
Redditch Borough Council  
Council House  
Walter Stranz Square  
Redditch  
Worcestershire  
B98 8AH

15 April 2019

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**Grant Thornton UK LLP**

The Colmore Building  
20 Colmore Circus  
Birmingham  
B4 6AT

T +44 (0)121 212 4000  
F +44 (0)121 212 4014

Dear Jayne

## Planned audit fee for 2019/20

The Local Audit and Accountability Act 2014 (the Act) provides the framework for local public audit. Public Sector Audit Appointments Ltd (PSAA) has been specified as an appointing person under the Act and the Local Authority (Appointing Person) Regulations 2015 and had the power to make auditor appointments for audits of opted- in local government bodies from 2018/19.

For opted- in bodies PSAA's responsibilities also include setting fees and monitoring the quality of auditors' work. Further information on PSAA and its responsibilities are available on the [PSAA website](#).

All grant work, including housing benefit certification, falls outside the PSAA contract, as PSAA no longer has the power to make appointments for assurance on grant claims and returns. Any assurance engagements will therefore be subject to separate engagements agreed between the grant-paying body, the Council and ourselves and separate fees agreed with the Council.

### Scale fee

PSAA published the 2019/20 scale fees for opted-in bodies at the end of March 2019, following a consultation process. Individual scale fees have been maintained at the same level as in 2018/19, unless there were specific circumstances which required otherwise. Further details are set out on the [PSAA website](#). The Council's scale fee for 2019/20 has been set by PSAA at £44,629 which is the same as in 2018/19.

PSAA prescribes that 'scale fees are based on the expectation that audited bodies are able to provide the auditor with complete and materially accurate financial statements, with supporting working papers, within agreed timeframes'.

The audit planning process for 2019/20, including the risk assessment, will continue as the year progresses and fees will be reviewed and updated as necessary as our work progresses.

### Scope of the audit fee

There are no changes to the overall work programme for audits of local government audited bodies for 2019/20. Under the provisions of the Local Audit and Accountability Act 2014, the National Audit Office (NAO) is responsible for publishing the statutory Code of Audit Practice and guidance for auditors.

Audits of the accounts for 2019/20 will be undertaken under this Code. Further information on the NAO Code and guidance is available on the [NAO website](#).

The scale fee covers:

- our audit of your financial statements;
- our work to reach a conclusion on the economy, efficiency and effectiveness in your use of resources (the value for money conclusion); and
- our work on your whole of government accounts return (if applicable).

PSAA will agree fees for considering objections from the point at which auditors accept an objection as valid, or any special investigations, as a variation to the scale fee.

### Value for Money conclusion

The Code requires us to consider whether the Council has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources. This is known as the Value for Money (VfM) conclusion.

The NAO issued its latest guidance for auditors on value for money work in November 2017. The guidance states that for local government bodies, auditors are required to give a conclusion on whether the Council has put proper arrangements in place.

The NAO guidance identifies one single criterion for auditors to evaluate:

*In all significant respects, the audited body had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people.*

### Billing schedule

Fees will be billed as follows:

<b>Main Audit fee</b>	<b>£</b>
September 2019	11,158
December 2019	11,157
March 2020	11,157
June 2020	11,157
<b>Total</b>	<b>44,629</b>

### Outline audit timetable

We will undertake our audit planning and interim audit procedures in January to March. Upon completion of this phase of our work we will issue a detailed audit plan setting out our findings and details of our audit approach. Our final accounts audit and work on the VfM conclusion will be completed in June and July and work on the whole of government accounts return in July.



Phase of work	Timing	Outputs	Comments
Audit planning and interim audit	January to March	Audit plan	The plan summarises the findings of our audit planning and our approach to the audit of the Council's accounts and VfM.
Final accounts audit	June & July	Audit Findings (Report to those charged with governance)	This report sets out the findings of our accounts audit and VfM work for the consideration of those charged with governance.
VfM conclusion	January to March	Audit Findings (Report to those charged with governance)	As above.
Whole of government accounts	July	Opinion on the WGA return	This work will be completed alongside the accounts audit.
Annual audit letter	September	Annual audit letter to the Council	The letter will summarise the findings of all aspects of our work.

### Our team

The key members of the audit team for 2019/20 are:

	Name	Phone Number	E-mail
Engagement Lead	Richard Percival	0121 232 5434	richard.d.percival@uk.gt.com
Engagement Manager	Neil Preece	0121 232 5292	neil.a.preece@uk.gt.com
In Charge Auditor	Denise Mills	0121 232 5306	Denise.F.Mills@uk.gt.com

### Additional work

The scale fee excludes any work requested by the Council that we may agree to undertake outside of our Code audit. Each additional piece of work will be separately agreed, and a detailed project specification and fee agreed with the Council.

**Quality assurance**

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 me in the first instance. Alternatively, you may wish to contact Mark Stocks, our Public Sector Assurance regional lead partner, via [mark.c.stocks@uk.gt.com](mailto:mark.c.stocks@uk.gt.com).

Yours sincerely

A handwritten signature in blue ink that reads "Richard".

Richard Percival  
Engagement Lead  
For Grant Thornton UK LLP