

<b>Report to:</b>	Audit and Governance	29 <sup>th</sup> September 2022
<b>Lead Cabinet Member:</b>	Councillor John Williams, Lead Cabinet Member for Finance	
<b>Lead Officer:</b>	Peter Maddock, Head of Finance	

## 2018/19 AUDIT FEES UPDATE.

### Executive Summary

1. At the Audit Committee of 28<sup>th</sup> July 2022 the issue of the 2018/19 audit fees was discussed and it was proposed that a report be brought back to this committee on the issue. However following a meeting with EY it was felt that the issue should be dealt with by Public Sector Audit Appointments (PSAA) for them to review and provide a ruling on what is an appropriate fee in this case. It is unlikely that their work will be concluded until November so this report provides a position statement of the situation as at the end of September.

### Recommendations

2. That Committee note that the 2018/19 audit fees are now being reviewed by the PSAA with a view to them ruling on what level of fee is appropriate.

### Details

#### Audit Fees 2018/19

3. Following the last meeting of this committee where the issue of the 2018/19 fees was discussed a meeting was held with EY to discuss the level of fees in a bit more detail. Prior to that meeting a more detailed breakdown was provided to aid the discussion and this was helpful to give an understanding of where the key areas of additional fee lie.
4. The two areas of concern relate to the general overruns and the Asset Register work and whilst the fee relating to overruns was lower than in 2017/18 there was a significant charge in relation to the work carried out on the asset register. Given that this system was used for the first time in 2018/19 additional work from the auditors was inevitable but the proposed fee still seems high even allowing for this.
5. A meeting was held with the PSAA and the Council on 9<sup>th</sup> September to ascertain next steps and they confirmed that they review all significant fee overruns as a

matter of course and had been provided with similar detail on the proposed fee by EY for this review to be carried out. It is expected this work will take a couple of months and we should have a response from them by the next meeting.

6. The outcome of the review by the PSAA is binding on both the Council and EY.

## **Options**

7. The report asks the committee to note the current position on the 2018/19 fees and that the PSAA will provide a response to their review in due course. No other options are proposed.

## **Implications**

8. In the writing of this report, taking into account financial, legal, staffing, risk, equality and diversity, climate change, and any other key issues, the following implications have been considered:-

## **Financial**

9. The Council usually budgets for some audit fee cost overruns due to past experience but also it is not unusual for there to be some additional work required on any audit over and above that planned.

## **Legal**

10. Where there is a cost overrun on audit fees these are reviewed by the PSAA who will reach a figure that they believe is appropriate.

## **Risks/Opportunities**

11. There is a significant risk that the finally agreed audit fee for 2018/19 will be higher than allowed for in the budget. The additional amount will need to be funded from general reserves.

## **Alignment with Council Priority Areas**

## **A modern and caring Council**

12. Producing an annual statement of accounts is key to supplementing the financial information already in the public domain, to ensure the full transparency of the Council's financial affairs.

## **Appendices**

None

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