

AUDIT COMMITTEE

29th June 2011

KPMG External Audit Fee 2011/12

Cabinet Member: John Brady - Finance

Key Decision: No

Executive Summary

The Council's external auditors, KPMG LLP, set an annual fee for the next 12 months in which they will undertake the 2011/12 audit. The fee is set following Audit Commission guidelines and discussions with the Council regarding its risks. This report sets out the proposed fee identified by KPMG. The proposed indicative fee is £370,260, excluding grant audit fees that are proposed at £80,000. That is a 15%, or £65,340 reduction from the 2010/11 audit fees (£435,600).

Proposals

Members are asked to note the KPMG proposed fee and receive regular updates on delivery of the audit against this fee throughout 2011/12.

Reason for Proposal

The Audit Committee has oversight of external audit.

Michael Hudson
Chief Finance Officer

AUDIT COMMITTEE

29th June 2011

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Key Decision: No

PURPOSE OF REPORT

1. This report sets informs members of the proposed indicative external audit fee for 2011/12.

BACKGROUND

2. Each year under the current external audit regime, our external auditors inform us of the proposed fee. The fee is calculated based on Audit Commission guidelines and the external auditors opinion of our residual risks. Attached at Appendix A is our external auditor's proposed fee letter for 2011/12.
3. The letter identifies an indicative fee of £370,260, excluding grant audit fees that are proposed at £80,000. That is a 15%, or £65,340 reduction from the 2010/11 audit fees (£435,600).
4. The Fee letter sets out some of the basis for KPMG's risk assessment, Appendix 1, along with the planned outputs at Appendix 2 to their letter. This is in line with the Audit Plan previously reported to this Committee.

Implications

5. The Council is required to have an external audit appointment and to agree an annual fee with that body. This report informs members of the proposals for 2011/12.

Risks assessment

6. KPMG's initial risk assessment assumes that the Council has implemented and is taking actions to mitigate its risks and control its management information effectively. If during the course of the external audit this is not done then there is a risk that the external audit fee will be increased and additional costs incurred. The Chief Finance Officer, Monitoring Officer, Head of Paid Service, Internal Audit and Chief Accountant work with KPMG to mitigate this risk, and will continue to do so in 2011/12.

Equalities and diversity impact of the proposals

7. None have been identified as arising directly from this report.

Financial implications

8. The proposed fee is in line with the fee level provided for in the budget and as such does not amend the financial plan and it is proposed that the fee be accepted.

Legal Implications

9. None have been identified as arising directly from this report.

Proposals

10. Members are asked to note the KPMG proposed fee and receive regular updates on delivery of the audit against this fee throughout 2011/12.

Reasons for proposals

11. The Audit Committee has oversight of external audit.

Background Papers and Consultation

KPMG LLP fee letter

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Appendices:

Appendix A: KPMG Fee Letter 28th April 2011