

Report to Audit committee

22 July 2014

Report of Chief finance officer

Subject Annual audit and certification fees letter 2014-15

Item

8

Purpose

To receive and note the content of the external auditor's annual audit and certification fees letter, dated 29 April 2014, and the work that the external auditors propose to undertake for the 2014-15 financial year.

Recommendation

That the committee notes the content of the external auditor's annual audit fee letter dated 29 April 2014 and the work that they propose to undertake for the 2014-15 financial year.

Corporate and service priorities

The report helps to meet the corporate priority value for money services.

Financial implications

This report has no direct financial consequences.

Ward/s: All

Cabinet member: Councillor Waters, resources

Contact officers

Philippa Dransfield

01603 212562

Background documents

None

Report

1. The annual audit and certification fees letter sets out the audit and certification work that the external auditors, Ernst & Young propose to undertake for the 2014-15 financial year at Norwich City Council.
2. The fee is indicative and based on the risk based approach to audit planning as set out in the Code of Audit Practice and the work mandated by the Audit Commission for 2014-15.
3. The key members of the external audit team for the 2014-15 financial year are:

Rob Murray, director
David Riglar, manager
4. The annual audit and certification fees letter to the council dated 29 April 2014, is appended to this report..

APPENDIX

Laura McGillivray
Chief Executive
Norwich City Council
City Hall
St. Peter's Street
Norwich
NR2 1NH

29 April 2014

Ref: Norwich City/Fee letter 14-15

Direct line: 07770 580128

Email: RMurray@uk.ey.com

Dear Laura

Annual Audit and Certification Fees 2014/15

We are writing to confirm the audit and certification work that we propose to undertake for the 2014/15 financial year at Norwich City Council. The fee reflects the risk-based approach to audit planning set out in the Code of Audit Practice and the work mandated by the Audit Commission for 2014/15.

Indicative Audit Fee

The audit fee covers the:

- ▶ Audit of the financial statements;
- ▶ Value for money conclusion; and
- ▶ Whole of Government accounts.

For the 2014/15 financial year the Audit Commission has set the scale fee for each audited body as part of the recent 5 year procurement exercise and consequently it is not liable to increase in that period without a change in scope.

The 2014/15 scale fee is based on certain assumptions, including:

- ▶ The overall level of risk in relation to the audit of the financial statements is not significantly different from that of the prior year;
- ▶ We are able to place reliance on the work of internal audit to the maximum extent possible under auditing standards;
- ▶ The financial statements will be available to us in line with the agreed timetable;
- ▶ Working papers and records provided to us in support of the financial statements are of a good quality and are provided in line with our agreed timetable; and
- ▶ Prompt responses are provided to our draft reports.

Meeting these assumptions will help ensure the delivery of our audit at the indicative audit fee.

The indicative audit fee set out in the table below has initially been set at the scale fee level as the overall level of risk in relation to the audit of the financial statements is not significantly different from that of the prior year.

As we have not yet completed our audit for 2013/14, our audit planning process for 2014/15 will continue as the year progresses. Fees will be reviewed and updated as necessary, within the parameters of our contract with the Audit Commission.

Certification fee

The Audit Commission has set an indicative certification fee for each audited body. The indicative fee is based on the 2012/13 actual certification fees available adjusted to reflect any known schemes that no longer require auditor certification. The Audit Commission has revised the previously published 2013/14 indicative certification fee to reflect further schemes that no longer require auditor certification. We will report the final indicative fees for 2013/14 in our 2013/14 Audit Results Report.

The composite indicative fee is based on the expectation that an audited body is able to provide the auditor with complete and materially accurate claims and returns, with supporting working papers, within agreed timeframes.

The indicative certification fee for 2014/15 relates to work on grant claims and returns for the year ended 31 March 2015. We have set the certification fee at the composite indicative fee level. We will update our risk assessment after we complete 2013/14 certification work, and to reflect further changes in the Audit Commission's certification arrangements.

Summary of Fees

	Indicative fee 2014/15 £	Planned fee 2013/14 £	Proposed final fee 2012/13 £
Total Code audit fee	105,652	**105,652	*145,925
Certification of claims and returns	38,310	50,395	48,850

* Our proposed final fee for 2012/13 has been discussed with officers and is subject to the review by the Audit Commission who will determine a final scale fee which will not exceed the £145,925 above.

** Fees for the auditor's consideration of correspondence from the public and formal objections will be charged in addition to the scale fee. We have received correspondence from a member of the public which we have considered, we estimate the additional fee in relation to this work is currently £12,030. This is not included in the table above.

Any additional work that we may agree to undertake (outside of the Audit Code of Practice) will be separately negotiated and agreed with you in advance.

Billing

The indicative audit fee will be billed in 4 quarterly instalments of £35,990.50.

Audit Plan

Our plan for the audit of the financial statements will be issued in March 2015. This will detail the significant financial statement risks identified, planned audit procedures to respond to those risks, and any changes in fee. It will also set out the risks identified in relation to the Value for Money conclusion. Should we need to make any significant amendments to the audit fee during the course of the audit, we will discuss this in the first instance with the Chief Financial Officer and, if necessary, prepare a report outlining the reasons for the fee change for discussion with the Audit Committee.

Audit team

The key members of the audit team for the 2014/15 financial year are:

Rob Murray
Director

RMurray@uk.ey.com

Tel: 07770 580128

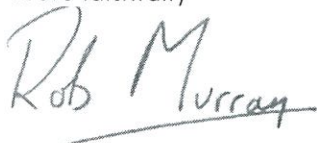
David Riglar
Manager

DRiglar@uk.ey.com

Tel: 07789 032619

We are committed to providing you with a high quality service. If at any time you would like to discuss with us how our service to you could be improved, or if you are dissatisfied with the service you are receiving, please contact me. If you prefer an alternative route, please contact Steve Varley, our Managing Partner, 1 More London Place, London, SE1 2AF. We undertake to look into any complaint carefully and promptly and to do all we can to explain the position to you. Should you remain dissatisfied with any aspect of our service, you may of course take matters up with our professional institute.

Yours faithfully



Rob Murray
Director

For and on behalf of Ernst & Young LLP

cc. Caroline Ryba, Chief Financial Officer
Councillor Stephen Little, Chair of the Audit Committee