

Audit and Standards Committee – 8th July 2014

Report of the Treasurer

Grant Thornton - Fee Letter 2014/15

Purpose of Report

1. This report sets out the planned audit fee for 2014/15 by the Council's external auditor, Grant Thornton. Attached is their Audit fee letter and a representative from Grant Thornton will be available at the meeting to deal with any issues.

Background

2. As Members will be aware from previous reports, the Audit Commission transferred its in-house audit practice to the private sector by outsourcing through a procurement exercise.
3. Grant Thornton, one of the big accountancy firms, were appointed to audit all local authorities in the Midlands from 1st November 2012. This followed a tender exercise run by the Audit Commission. The appointment started with the 2012-13 audit year and runs for at least three more years from that date.
4. In addition to their work on the Council's accounts and financial systems, the External Auditors carry out Value for Money (VFM) work and the Whole of Government Accounts. Outline proposals for the work to be carried out and the fees to be charged are set out below:-
 - The Annual Audit Fee Letter 2014/15 is attached as Appendix 1. This sets out work to be carried out in accordance with the Code of Audit Practice and in accordance with the Statement of Responsibilities of Auditors and of Audited Bodies
 - The letter shows a freeze in the main audit fee of £178,177. The indicative fee for grant certification has been reduced from £32,500 in 2013/14 to £17,540 for 2014/15. This is due to the removal of the Teachers Pensions, NNDR3 and council tax (HB claim) from the Audit Commission certification regime.

Finance

5. The Council has made revenue budget provision for the annual audit fee, inspection fees and grant audits. It is anticipated that any costs arising from the above audit work will be met from within existing resources.

Law

6. Legislation appertaining to Local Authority Audit and Accounts is contained in the Local Audit and Accountability Act 2014, the Local Government Act 1999 and regulations made therein.

Equality Impact

7. The proposals take into account the Council's Policy on Equality and Diversity.

Recommendation

8. That Members note the Grant Thornton fee letter attached to this report.



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Iain Newman
Treasurer

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Grant Thornton

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Our Ref KB/SJ/plb

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4th April 2014

Dear Iain

Planned audit fee for 2014/15

The Audit Commission has set its proposed work programme and scales of fees for 2014/15. In this letter we set out details of the audit fee for the Council along with the scope and timing of our work and details of our team.

Scale fee

The Audit Commission defines the scale audit fee as “the fee required by auditors to carry out the work necessary to meet their statutory responsibilities in accordance with the Code of Audit Practice. It represents the best estimate of the fee required to complete an audit where the audited body has no significant audit risks and it has in place a sound control environment that ensures the auditor is provided with complete and materially accurate financial statements with supporting working papers within agreed timeframes.”

The Council's scale fee for 2014/15 has been set by the Audit Commission at £178,177, which compares to the audit fee of £178,177 for 2013/14.

Further details of the work programme and individual scale fees for all audited bodies are set out on the Audit Commission's website at: www.audit-commission.gov.uk/audit-regime/audit-fees/proposed-work-programme-and-scales-of-fees-201415

The audit planning process for 2014/15, 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

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)
- our work on your whole of government accounts return.

Value for Money conclusion

Under the Audit Commission Act, we must be satisfied that the Council has adequate arrangements in place to secure economy, efficiency and effectiveness in its use of resources, focusing on the arrangements for:

- securing financial resilience; and
- prioritising resources within tighter budgets.

We undertake a risk assessment to identify any significant risks which we will need to address before reaching our value for money conclusion. We will assess the Council's financial resilience as part of our work on the VfM conclusion and a separate report of our findings will be provided.

Certification of grant claims and returns

The Council's composite indicative grant certification fee has been set by the Audit Commission at £17,540.

Billing schedule

Fees will be billed as follows:

Main Audit fee	£
September 2014	44,544
December 2014	44,544
March 2015	44,544
June 2015	44,545
	178,177
Grant Certification	
December 2015	17,540
Total	195,717

Outline audit timetable

We will undertake our audit planning and interim audit procedures in . 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 January-September 2015 and work on the whole of government accounts return in September 2015.

Phase of work	Timing	Outputs	Comments
Audit planning and interim audit	December – April 2015	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 to Sept 2015	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	Jan to Sept 2015	Audit Findings (Report to those charged with governance)	As above
Financial resilience	Jan to Sept 2015	Financial resilience report	Report summarising the outcome of our work.
Whole of government accounts	September 2015	Opinion on the WGA return	This work will be completed alongside the accounts audit.
Annual audit letter	October 2015	Annual audit letter to the Council	The letter will summarise the findings of all aspects of our work.
Grant certification	June to December 2015	Grant certification report	A report summarising the findings of our grant certification work

Our team

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

	Name	Phone Number	E-mail
Engagement Lead	Kyla Bellingall	0121 232 5359	kyla.bellingall@uk.gt.com
Engagement Manager	Suzanne Joberns	0121 232 5320	suzanne.joberns@uk.gt.com
Audit Executive	Mary Wren	0121 232 5254	mary.wren@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 Jon Roberts, our Public Sector Assurance regional lead partner (jon.roberts@uk.gt.com)

Yours sincerely



Kyla Bellingall
Director
for Grant Thornton UK LLP

Audit and Standards Committee – 8th July 2014

Report of the Director of Corporate Resources

Re-appointment of the Standards Sub-Committee

Purpose of Report

1. To re-appoint the Standards Sub-Committee.

Background

2. This Committee at its meeting held on 3rd July, 2012, following consideration of a report on the Localism Act, 2011 – The New Standards Arrangements, agreed amongst other things, to appoint a Standards Sub-Committee.
3. The purpose of the sub-committee is to hear and determine complaints against Members and Co-opted Members under the provision of the Members' Code of Conduct and in accordance with the local procedures that have been put in place.
4. The membership of the Sub-Committee in 2013/14 comprised four elected members, Councillors Cowell, Mrs Martin, Taylor and Tyler, being two from each political group represented on the Committee, with proportionality waived as to Membership. The Council at its annual meeting on 5th June, 2014 agreed that the proportionality requirement again be waived.

Finance

5. The cost of holding meetings of the sub-committee would be met from within existing resources

Law

6. The relevant provisions are contained in the Localism Act, 2011 together with regulations, orders and statutory guidance issued by the Secretary of State.

Equality Impact

7. The Sub-Committee will meet to hear and determine complaints about alleged breaches of the Local Code of Conduct requiring Members and Co-opted Members to behave in a manner that is consistent with seven overriding principles so as to achieve best value for their residents and maintain public confidence in the Authority. The principles will have a bearing on issues such as equality.

Recommendation

8. That the Standards Sub-Committee be re-appointed for 2014/15, with its existing terms of reference and that the Membership of the sub-committee comprise four members of this Committee, two from each of the political groups on the committee, with proportionality waived as to membership.



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Philip Tart
Director of Corporate Resources

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List of Background Papers

None