

**BRISTOL CITY COUNCIL
AUDIT COMMITTEE**

28 September 2012

Report of: Acting Strategic Director (Resources)

Title: Grant Thornton's Audit Fee Letter 2012-13

Ward: Citywide

**Officer presenting report: Peter Robinson, Service Director
(Finance)**

Contact telephone number: 0117 92 22448

RECOMMENDATION

The Audit Committee note, and comment as appropriate, on Grant Thornton's Audit Fee Letter for 2012-13.

Summary

Attached to this report is Grant Thornton's Audit Fee Letter, which sets out the proposed audit fee and outline work programme for 2012-13.

The key considerations set out within this letter are:

- This letter sets out the work that Grant Thornton propose to undertake for the 2012-13 financial year at Bristol City Council, and the associated fee.
- The proposed fee is prepared in accordance with the Audit Commission's Work programme and scale of fees 2012-13.
- For 2012-13, the Audit Commission has published the expected scale fee for each local government organisation.

Policy

None affected by this report. The Audit Commission has statutory responsibility for inspection and assessment at the Council. Grant Thornton are the Council's appointed external auditors. In carrying out their audit and inspection duties they have to comply with the relevant statutory requirements. In particular these are the Audit Commission Act 1998 and the Code of Audit Practice with regard to audit, and the Local Government Act 1999 with regard to best value and inspection.

Consultation

Internal: Grant Thornton consulted with Senior Officers before finalising the fee letter.

External: Grant Thornton has liaised with the Audit Commission in developing their fee proposals.

1 Introduction

- 1.1 The attached document is a short 3 page letter setting out at a high level the areas that the auditors anticipate covering during the 2012-13 audit, and the proposed fee. A more detailed Audit Plan and risk assessment, will be prepared and presented to the Audit Committee at the end of 2012/start of 2013, following the conclusion of the audit of the 2011-12 statement of accounts.
- 1.2 Grant Thornton's partner, John Golding, the appointed auditor responsible for the City Council's audit, will be attending the Committee, and will be pleased to answer Members' questions.

Other Options Considered

Not applicable

Risk Assessment

Not as a result of this report.

Equalities Impact Assessment

There are no issues arising from this report.

Legal and Resource Implications

None arising from this report.

Appendices:

Appendix 1: Grant Thornton's Audit Fee Letter 2012-13.

LOCAL GOVERNMENT (ACCESS TO INFORMATION) ACT 1985

Background Papers: None



An instinct for growth™

Our Ref JG/GT – BCC1213

Mr Graham Sims
Interim Chief Executive
Bristol City Council
The Council House
College Green
Bristol
BS1 5TR

Grant Thornton UK LLP
Hartwell House
55-61 Victoria Street
Bristol BS1 6FT

T +44 (0)117 305 7600
F +44 (0)117 305 7784
DX 78112 Bristol
www.grant-thornton.co.uk

19 September 2012

Dear Graham

ANNUAL AUDIT FEE 2012-13

As is usual at this time of year, I am writing to confirm the audit work that we propose to undertake for the 2012-13 financial year at Bristol City Council (the Council) and the associated fee. This is based on the Audit Commission's work programme and scale of fees for 2012-13 published in April 2012.

Following the conclusion of the Audit Commission's procurement exercise to outsource the work of its audit practice, the Audit Commission has been able to secure significant reductions in the cost of audit services and are passing on reductions of 40 per cent in audit fees for local government bodies. As in previous years, the Audit Commission publishes its work programme and scale of fees on a national basis, and it has published the scale fee for each local government organisation. The fee for the Council has been determined as £270,513 (exclusive of VAT) and will be fixed at this level for five years.

The Audit Commission has announced the replacement of the previous arrangements for certification fees based on hourly rates with a composite indicative fee. The published indicative fee for the Council is £19,000. This is based on certification fees for 2010-11 adjusted to reflect the fact that a number of schemes will no longer require certification, and incorporating a 40 per cent reduction.

Audit fee

Audit area	Proposed fee 2012-13	Actual fee 2011-12
Financial statements and value for money conclusion	£270,513	£450,855
Certification of claims and returns	£19,000	£55,000 (estimate)

Our value for money work will be based upon the two reporting criteria specified by the Audit Commission:

- whether the Council has proper arrangements in place for securing financial resilience; and
- whether the Council has proper arrangements for challenging how it secures economy, efficiency and effectiveness.

This work will be underpinned by a robust risk assessment to ensure that we focus on those areas where we need specific assurance in order to give our value for money conclusion or where arrangements at the Council need to be strengthened.

We will issue a number of reports relating to our work over the course of the audit. These are listed at Appendix 1.

The proposed fee excludes any work that may be requested by you that we agree to undertake using our advice and assistance powers. Each piece of work will be separately negotiated and a detailed project specification agreed with you.

The contact details for key members of the audit team for 2011-12 are:

Engagement Lead	John Golding	0117 305 7802
Audit Manager	Gail Turner	02920 347546

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 the Head of Government Audit, Sarah Howard at sarah.howard@uk.gt.com.

Yours sincerely



JOHN GOLDING
Partner and Engagement Lead
For Grant Thornton UK LLP

T 0117 305 7802
F 0117 305 7784
E john.golding@uk.gt.com

Appendix 1: Planned outputs

Our reports will be discussed and agreed with the appropriate officers before being issued to the Audit Committee.

Table 1

Planned output	Indicative date
Audit plan	January 2013
ISA260 report to those charged with governance	September 2013
Auditor's report giving the opinion on the financial statements and value for money conclusion	September 2013
Value for money conclusion report	September 2013
Annual audit letter	November 2013
Certification work report	January 2014