

BRISTOL CITY COUNCIL
AUDIT COMMITTEE
24th April 2015

Report of: Service Director: Finance

Report Title: BDO's Planning Letter for 2015/16

Ward: City Wide

Officer presenting report: Peter Gillett – Service Director: Finance, S151 Officer

Contract Telephone Number: 0117 92 22419

RECOMMENDATION

The Audit Committee note, and comment as appropriate, on BDO's planning letter for 2015-16

SUMMARY

Attached to this report is BDO's Audit Planning Letter, which sets out the proposed audit fee and outline work programme for 2015-16.

Policy

None affected by this report. BDO LLP are the Council's appointed external auditors for the 2015/16 financial accounts. In carrying out their audit and inspection duties they have to comply with the relevant statutory requirements. In particular those contained within the revised Code of Audit Practice as issued by the National Audit Office for 2015/16.

Consultation:

Internal: Introductory meetings with Senior Officers.

External: Not applicable

1. Background and Context

1.1 The attached report provides a brief summary of the proposed work plan for 2015/16 together with details of the indicative fees for said work.

1.2 BDO LLP will be represented at the Audit Committee, and will be pleased to answer Member's questions.

Other Options Considered

Not applicable.

Risk Assessment

Not as a result of this report

Equalities Impact Assessment

None necessary for this report

Legal and Resource Implications

None arising from this report

Appendices

Appendix 1: BDO LLP Planning Letter 2015/16

LOCAL GOVERNMENT ACCESS TO INFORMATION



BRISTOL CITY COUNCIL

Planning Letter 2015/16

April 2015

PROPOSED FEES

Introduction

Following the recent procurement exercise undertaken by the Audit Commission, BDO has been appointed as your external auditor for the 2015/16 and 2016/17 financial years. We have held introductory meetings with management and will arrange a formal hand over with your current external auditors following their completion of the audit for 2014/15.

At this stage, we are required to report to you the Audit Commission's scale fee and programme of work for 2015/16.

Scope of the audit

The existing Commission's Code of Audit Practice has been replaced by a new Code of Audit Practice issued by the National Audit Office for 2015/16. There is little change to the scope of the work required to be undertaken by auditors, which includes:

- Audit of the financial statements
- Value for money conclusion.

There is a separate proposed fee for the certification of the Housing Benefit subsidy claim on behalf of the Department for Work and Pensions.

Indicative fees

The proposed fee is based on the consultation undertaken by the Audit Commission in October 2014. Although the Commission closed on 31 March 2015, the Department for Communities and Local Government (CLG) asked the Commission to set fees for principal bodies before it closed. We have set out your fee on the table on the right. From 1 April 2015, Public Sector Audit Appointments Limited (PSAA) will oversee the Commission's contracts through to the end of 2017 and will also be responsible for setting fees in the future.

The indicative fee does not include any time required to investigate questions or objections from members of the public. Should any arise, time spent dealing with questions and objections will be billed separately.

If we need to propose any amendments to the audit fee during the course of the audit or where our assessment of risk and complexity are significantly different from those reflected in the proposed fee, we will first discuss this with the **Director of Business Change and Director of Finance** and seek approval from the PSAA for a proposed variation of fee. If necessary, we will also prepare a report outlining the reasons why the fee needs to change for discussion with the **Audit Committee**.

Fees

AUDIT AREA	PROPOSED FEE 2015/16 (£)	GRANT THORNTON SCALE FEE 2014/15 (£)
Code audit fee	203,687	271,583
Certification fee	10,703	11,810
Total fees	214,390	283,393

Your current auditor will determine the final fees for 2014/15 based on their risk assessment and we have included the current scale fee above as reported by the Audit Commission.

The Commission completed a further audit procurement exercise in April 2014 which has enabled it to further reduce fees for the two years 2015/16 and 2016/17, and CLG may wish to extend these contracts to lock in the reduced fees for a further three years. This has allowed the Commission to reduce Code fees by 25%, resulting in combined Code and certification fee savings of **£69,003** for the Council.

The proposed fees for 2015/16 remain at the scale rate published by the Commission.

AUDIT ARRANGEMENTS

Planned outputs

We plan to issue the following reports and opinions over the course of the 2015/16 audit:

REPORT	DATE
Progress reports to the Audit Committee	each meeting
Audit plan	December 2015
Report on any significant deficiencies in internal controls, if required, based on the results of our interim audit visit	May 2016
Final report to those charged with governance	September 2016
Independent auditor's report including: <ul style="list-style-type: none">• Opinion on the financial statements• Value for money conclusion• Certificate	September 2016
Whole of Government Accounts assurance statement and report to the NAO	October 2016
Summary of findings from the audit in the annual audit letter	October 2016
Grant claims and returns certification report	December 2016

Audit team

The key members of the audit team will be:

Engagement Partner - Greg Rubins

email: greg.rubins@bdo.co.uk

Tel: 0238 088 1892

Greg will be responsible for the overall delivery of the audit including the quality of outputs and liaison with senior management.

Engagement Director - Paul Bricknell

email: paul.bricknell@bdo.co.uk

Tel: 0238 088 1889

Paul will manage and co-ordinate the technical aspects of the audit.

Client satisfaction

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 Greg Rubins in the first instance. Alternatively, you may wish to contact our Managing Partner, Simon Michaels. Any complaint will be investigated carefully and promptly. If you are not satisfied you may take up the matter with the Institute of Chartered Accountants in England and Wales ("ICAEW").

In addition, the Audit Commission's complaints handling procedure is detailed in their leaflet "How to complain: What to do if you want to complain about the Audit Commission or its appointed auditors", which is available on their website <http://www.audit-commission.gov.uk/about-us/contact-us/complaints>. PSAA will put in place similar arrangements for receiving and investigating complaints from 1 April 2015.

The matters raised in our report prepared in connection with the audit are those we believe should be brought to your attention. They do not purport to be a complete record of all matters arising. This report is prepared solely for the use of the organisation and may not be quoted nor copied without our prior written consent. No responsibility to any third party is accepted.

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