



<u>Committee and Date</u>	<u>Item</u>
Audit Committee	
31 July 2020	
	<u>Public</u>

EXTERNAL AUDIT: Fee Scale for the Audit 2020/21 and update 2019/20

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1. Summary

The Audit Fee Letter attached at **Appendix A** identifies the audit fee for the 2020/21 audit and update 2019/20.

2. Recommendations

The Committee is asked to consider and endorse, with appropriate comment the Audit Fee Letter.

REPORT

3. Risk Assessment and Opportunities Appraisal

- 3.1 The external audit of Shropshire Council end of year accounts produces an independent opinion, intended to provide reasonable but not absolute assurance, that the financial statements are presented fairly, in all material respects, and/or give a true and fair view in accordance with the financial reporting framework.
- 3.2 The recommendations contained in this report are compatible with the provisions of the Human Rights Act 1998. There are no direct environmental, equalities or consultation requirements or consequences of this proposal.

4. Financial Implications

- 4.1 The audit fee for Shropshire Council for 2020/21 is £103,061, unchanged from last year.
- 4.2 The audit fee for Shropshire County Pension Fund is £22,289 and was reported to the Pensions Committee in March 2020 and will be charged to the Pension Fund.

5. Climate Change Appraisal

Energy and Fuel Consumption; This report does not directly make decisions on energy and fuel consumption. Therefore, no effect.

Renewable Energy Generation; This report does not directly make decisions on renewable energy generation. Therefore, no effect.

Carbon offsetting or mitigation; This report does not directly make decisions on carbon offsetting or mitigation. Therefore, no effect.

Climate Change Adaption; This report does not directly make decisions on climate change adaption. Therefore, no effect.

6. Background

- 6.1 Grant Thornton were appointed as External Auditors for Shropshire Council following a procurement process undertaken by Public Sector Audit Appointments Ltd (PSAA – a company established by the Local Government Association) in 2017. The contracts cover a five year period commencing with the audit of the 2018/19 accounts. PSAA has an option to extend the contracts by a further two year period to seven years in total. Grant Thornton undertake end of year audits for Shropshire Council and Shropshire County Pension Fund.
- 6.2 PSAA set the fees independently and consulted on the 2020/21 Scale of Fees in early 2020 and published the final document on their website. In it they explain that the audit fee is set at the same level as for 2019/20, however, may not remain at that level for most, if not all bodies because of a variety of change factors, the impact of which cannot be accurately or reliably estimated at this stage. As the impact of these changes is understood, fee variations will need to be identified and agreed reflecting the impact on each audit. The scale fee includes the audit of financial statements, work to reach a Value for Money conclusion and work on the whole of government accounts return.
- 6.3 The amount of work required on arrangements to secure VFM is a matter of auditor judgement and is based on the requirements set out in the new Code and supporting guidance which will be published later in 2020. Once the Auditor Guidance Notes have been published, the PSAA will be able to consider the impact of the new requirements in more depth and may be able to provide indicative ranges in relation to the likely fee implications for different types and classes of body.
- 6.4 Given that local circumstances are key to determining the assessment of risk and the audit work required, the PSAA encourages where applicable, early dialogue with Grant Thornton to determine any related implications for fees. The process for agreeing fee variations begins with local communication, and ideally agreement. and all fee variations are required to be approved by PSAA before they can be invoiced.

List of Background Papers (This MUST be completed for all reports, but does not include items containing exempt or confidential information)

Cabinet Member (Portfolio Holder)

Peter Nutting, Leader of the Council and Peter M Adams, Chairman of Audit Committee

Local Member

N/A

Appendices

Appendix A – Fee Scale for the Audit 2020/21 and update on 2019/20