



Audit & Governance Committee Wednesday, 26 April 2017

ADDENDA

10. External Auditors (Pages 1 - 4)

2.50pm

A representative from the external auditors, Ernst & Young, will attend to present the following item:

- Progress Report

The attached fee letter is circulated for information.

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Peter Clark
County Executive
Oxfordshire County Council
County Hall
New Road
Oxford
OX1 1ND

18 April 2017

Direct line: 07974 757910

Email: pking1@uk.ey.com

Dear Peter

Annual Audit and Certification Fees 2017/18

We are writing to confirm the audit and certification work that we propose to undertake for the 2017/18 financial year at Oxfordshire County Council.

From 1 April 2015, the duty to make arrangements for the audit of the accounts and the certification of relevant claims and returns and to prescribe scales of fees for this work was delegated to Public Sector Audit Appointments Ltd (PSAA) by the Secretary of State for Communities and Local Government. In October 2015, the Secretary of State confirmed that the transitional arrangements would be extended for one year for audits of principal local government bodies only, to cover the audit of the accounts for 2017/18. The audit contracts previously let by the Audit Commission and novated to PSAA have therefore also been extended for one year to give effect to this decision.

From 2018/19, new arrangements for local auditor appointment set out in the Local Audit and Accountability Act 2014 will apply for principal local government and police bodies. These audited bodies will be responsible for making their own arrangements for the audit of the accounts and certification of the housing benefit subsidy claim. PSAA will play a new and different role in these arrangements.

Indicative audit fee

For the 2017/18 financial year Public Sector Audit Appointments Ltd (PSAA) has set the scale fee for each audited body, following consultation on its Work Programme and Scale of Fees. There are no planned changes to the overall work programme for 2017/18. It is therefore proposed by PSAA that scale fees are set at the same level as those for 2016/17: these fees reflect the significant reductions made to scale fees since 2012/13.

The fee reflects the risk-based approach to audit planning set out in the National Audit Office's Code of Audit Practice for the audit of local public bodies.

The audit fee covers:

- the audit of the financial statements
- the Value for Money conclusion
- the Whole of Government accounts.

For Oxfordshire County Council our indicative fee is set at the scale fee level. This indicative 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 the previous year;
- officers meet the agreed timetable of deliverables;
- internal controls for the key processes identified in our audit strategy operate effectively;
- we can rely on the work of internal audit as planned;
- our accounts opinion and value for money conclusion are unqualified;
- the council provides good quality documentation;
- there is an effective control environment; and
- we get prompt responses to our draft reports.

Meeting these assumptions will help to ensure the delivery of our audit at the indicative audit fee which is set out below.

As we have not yet completed our audit for 2016/17, our audit planning process for 2017/18 will continue as the year progresses. We will review and update fees as necessary and within the parameters of our contract.

Summary of fees

	Indicative fee 2017/18 £	Planned fee 2016/17 £	Actual fee 2015/16 £
Total Code audit fee	109,958	109,958	109,958

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

Billing

The indicative code audit fee will be billed in 4 quarterly instalments of £27,489.50. We will also bill 25% of the indicative certification fee each quarter when it has been determined.

Audit plan

We expect to issue our plan in January 2018: this will include any significant financial statement risks identified, planned audit procedures to respond to them, and any changes in fee. It will also set out the significant risks identified to the Value for Money conclusion. Should we need to make any significant amendments to the fee during the audit, we will discuss them first with the Chief Finance Officer and, if

necessary, prepare a report for discussion with the Audit and Governance Committee.

Audit team

The key members of the audit team for the 2017/18 financial year are:

Paul King
Executive Director

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Alan Witty
Senior Manager

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Tel: 07779 404269

We are committed to providing you with a high quality service. If at any time you would like to discuss 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 will look into any complaint carefully and promptly and 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 sincerely



Paul King
Executive Director
For and on behalf of Ernst & Young LLP

cc. Lorna Baxter Chief Finance Officer
Cllr Sandy Lovatt Chairman of the Audit and Governance Committee

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