

WEST MIDLANDS FIRE AND RESCUE AUTHORITY

AUDIT COMMITTEE

15 JUNE 2015

1. **EXTERNAL AUDIT WORK PROGRAMME AND SCALE OF FEES FOR 2015/16**

Report of the Chief Fire Officer.

RECOMMENDED

THAT the Committee note the external audit work programme and scale of fees for the 2015/16 audit work to be undertaken by Grant Thornton UK LLP.

2. **PURPOSE OF REPORT**

This report is submitted to inform the Committee of the external audit work programme and scale of fees for 2015/16 as set out in the Planned Audit Fee for 2015/16 letter attached as Appendix 1.

3. **BACKGROUND**

- 3.1 Members will recall that following an exercise to outsource the public body audit work of the Audit Commission's in-house audit practice, the contract for undertaking of the external audit of this Authority was awarded to Grant Thornton UK LLP. The contract term was set at five years running from 2012/13 until 2016/17.
- 3.2 When the Audit Commission announced the contract awards it also confirmed that the scale of fees for the delivery of the work programme would be reduced by 40% in comparison to the 2011/12 scale of fees. The Commission stated that it was anticipated that the reduced fee would be fixed, irrespective of inflation, and would apply for the five year term of the contract although fees would be subject to annual review. The scale of fees proposed for the delivery of the 2015/16 work programme is £38,636, a reduction of £12,879 compared to the 2014/15 fees of £51,515.

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- 3.3 Similarly, the work programme proposed for 2015/16 is broadly the same as the 2014/15 work programme. Essentially, the work programme will consist of an audit of the financial statements, audit work to enable a value for money conclusion and on the Whole of Government Accounts (WGA) return. This is applicable to all public bodies.

4. **EQUALITY IMPACT ASSESSMENT**

In preparing this report an initial Equality Impact Assessment has not been carried out. The matters contained in this report will not lead to policy change.

5. **LEGAL IMPLICATIONS**

The Local Audit Bill sets out the framework to support the delivery of local public audit arrangements.

6. **FINANCIAL IMPLICATIONS**

The proposed scale fee for the 2015/16 external audit work programme is £38,636.

BACKGROUND PAPERS

The contact officer for this report is Phil Hales, Deputy Chief Fire Officer, 0121 380 6907.

PHIL LOACH
CHIEF FIRE OFFICER

APPENDIX 1

PLANNED AUDIT FEE FOR 2015/16



Grant Thornton

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Our ref: JAC/EJM/W09000020/Fee_Letter_15-16

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27 April 2015

Dear Mike

Planned audit fee for 2015/16

Before it closed on 31 March 2015, the Audit Commission was asked to set the scale fees for audits for 2015/16. The Commission published its work programme and scales of fees for 2015/16 at the end of March 2015. In this letter we set out details of the audit fee for the Authority 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 Authority's scale fee for 2015/16 has been set by the Audit Commission at £38,636, which compares to the audit fee of £51,515 for 2014/15. The reduction in fees has been enabled by the procurement exercises run by the Commission across both the Local Government and Health sectors.

After the Commission's closure, the 2015/16 work programme and fees will be accessible from the archived Audit Commission website from the National Archives http://webarchive.nationalarchives.gov.uk/*/http://www.audit-commission.gov.uk/ and on the Public Sector Audit Appointments PSAA website psaa.co.uk

The audit planning process for 2015/16, 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.

Chartered Accountants

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Value for Money conclusion

Under the Audit Commission Act, we must be satisfied that the Authority 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 Authority's financial resilience as part of our work on the VfM conclusion and provide feedback in our Audit Findings Report.

Billing schedule

Fees will be billed as follows:

Main Audit fee	£
September 2015	9,659
December 2015	9,659
March 2016	9,659
June 2016	9,659
Total	38,636

Outline audit timetable

We will undertake our audit planning and interim audit procedures in November 2015 to March 2016. 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 September 2016 and work on the whole of government accounts return in September 2016.

Phase of work	Timing	Outputs	Comments
Audit planning and interim audit	November 2015- March 2016	Audit plan	The plan summarises the findings of our audit planning and our approach to the audit of the Authority's accounts and VfM.
Final accounts audit	July to Sept 2016	Audit Findings Report (reporting 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 2016	Audit Findings (Report to those charged with governance)	As above

Whole of government accounts	September 2016	Opinion on the WGA return	This work will be completed alongside the accounts audit.
Annual audit letter	October 2016	Annual audit letter to the Authority	The letter will summarise the findings of all aspects of our work.

Our team

The key members of the audit team for 2015/16 are:

	Name	Phone Number	E-mail
Engagement Lead	James Cook	0121 232 5343	james.a.cook@uk.gt.com
Engagement Manager	Emily Mayne	07880 456 112	emily.j.mayne@uk.gt.com
In Charge Auditor	Lauren McHugh	0121 232 5368	lauren.a.mchugh@uk.gt.com

Additional work

The scale fee excludes any work requested by the Authority 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 Authority.

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



James Cook
Director
For Grant Thornton UK LLP