

**WEST MIDLANDS FIRE AND RESCUE AUTHORITY**

**AUDIT COMMITTEE**

**7 JANUARY 2013**

1. **CONSULTATION ON EXTERNAL AUDIT SCALE OF FEES  
AND WORK PROGRAMME 2013/14**

Report of the Chief Fire Officer.

RECOMMENDED

- 1.1 THAT the Committee notes the scale of fees and work programme proposed for the delivery of 2013/14 external audit work programme.
- 1.2 THAT the Committee notes the consultation process in respect of the scale of fees and work programme.

2. **PURPOSE OF REPORT**

This report is submitted to advise Members of the proposed external audit work programme and scale for the fee for the delivery of the 2013/14 audit year work. The work programme and scale of fees are subject to consultation and this report informs Members of how to contribute to this process. A draft consultation response is attached as Appendix 2.

3. **BACKGROUND**

- 3.1 The proposed external audit work programme and scale of fees for 2013/14 external audit work has been announced by the Audit Commission. The proposed scale of fees for this Authority for the delivery of the 2013/14 work programme is £51,515.
- 3.2 Members will recall that following a recent 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 (Audit and Performance Management Committee, 11 June 2012, Agenda

item 4 refers).

- 3.3 When the Audit Commission announced the contract awards it also confirmed that the scale of fees for the delivery of the 2012/13 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 40% reduction 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. Therefore, the scale of fees proposed for the delivery of the 2013/14 work programme is £51,515.
- 3.4 Similarly, the work programme proposed for 2013/14 is broadly the same as the 2012/13 work programme. Essentially, the work programme will consist of an audit of the financial statements and audit work to enable for a value for money conclusion. The Audit Commission has specified that work be undertaken on Whole of Government Accounts (WGA). This is applicable to all public bodies.
- 3.5 The Audit Commission are legislatively obliged to consult upon the annual work programme and scale of fees. The consultation publication titled, "proposed work programme and scale of fees 2013/14" is attached as Appendix 1.
- 3.6 Corporate Board (CB) has considered the proposed scale of fees and is of the opinion that the fee is in line with expectation when taking into account the Commission's view that scale fees would be fixed for the five year term of the private audit practice contract. CB were of the opinion that as the 2012/13 work programme has yet to be delivered any view on the potential for change cannot yet be determined.
- 3.7 Consultation on the external audit work programme and scale of fees 2013/14 closes on 8 February 2013. Given this short time frame a draft consultation response has been prepared and is attached as Appendix 2. The consultation response has built in the views of CB in terms of the proposed work programme and scale of fees. The consultation response also includes a paragraph to reflect that any ongoing efficiencies associated with the transfer of the in-house audit work to the private sector or reduction in the work programme should result in a reduced scale of fees for audited public bodies.

- 3.8 Members are invited to contribute to the consultation response. Members wishing to contribute should contact Jim Whittingham in the Strategic Planning, Risk and Improvement Team by email at [jim.whittingham@wmfs.net](mailto:jim.whittingham@wmfs.net) or by telephone on 0121 380 6683 by the 5 February 2013.

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 draft 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 2013/14 external audit work programme is £51,515 and represents a reduction of £28k compared to the 2011/12 fee.

**BACKGROUND PAPERS**

Audit and Performance Management Committee, 11 June 2012, Agenda item 4, Contract Award for the Provision of External Audit Services and Confirmation of Audit Scale Fee and Work Programme 2012/13.

VIJ RANDENIYA  
CHIEF FIRE OFFICER

Contact Officer

Sally-Ann Chidwick  
Head of Strategic Planning, Improvement & Risk Team (SPIRIT)  
Tel: 0121 380 6405

**APPENDIX 1**

**PROPOSED WORK PROGRAMME AND SCALE OF FEES**  
**2013/14**

Please refer to separately attached publication.

## APPENDIX 2

**Councillor Tersaim Singh**  
**Chair of the Audit Committee**  
**West Midlands Fire and Rescue Authority**

Telephone No: 0121 380 6907  
Fax No: 0121 380 7006  
Email: [cbpas@wmfs.net](mailto:cbpas@wmfs.net)  
Our Ref:

February 2013

### **Proposed Work Programme and Scale of Fees 2013/14**

In response to the consultation exercise I would wish to make the following comments.

West Midlands Fire and Rescue Authority (WMFRA ) agrees with the logic behind the proposal not to change the external audit work programme for the 2013/14 year given that the 2012/13 work programme has yet to be delivered meaning that a full understanding of the potential to make any changes cannot be determined at this stage. Similarly, when the Audit Commission confirmed the 2012/13 scale fee it announced the intention to fix the scale fee for the five year term of the external audit contract and so the scale fee proposed for (WMFRA) is in line with expectation particularly as it is too early to make any considered changes to the work programme which will ultimately drive the fees.

Similar to most public bodies, WMFRA is facing significant financial challenges as a consequence of continuing funding reductions. WMFRA would encourage any further efficiencies to be identified as a consequence of the Commission's in-house audit practice work transferring to private sector practices, together with any appropriate reductions in the work programme, so that any further reductions in the scale of fees in future years can be achieved.

Yours sincerely,

Tersaim Singh  
Chair of the Audit Committee