

**WEST MIDLANDS FIRE AND RESCUE AUTHORITY**

**9<sup>TH</sup> FEBRUARY 2009**

1. **AUDIT COMMISSION WORK PROGRAMME AND SCALE OF FEES 2009/10 AND INDICATIVE FEE PROPOSALS FOR 2010/11 AND 2011/12**

Report of the A/Chief Fire Officer.

RECOMMENDED

THAT the Authority note the contents of the report.

2. **PURPOSE OF REPORT**

This report is submitted to inform the Authority of the Audit Commission's proposed work programme and scale of fees from 2009/10 onwards.

3. **BACKGROUND**

- 3.1 The work of the Audit Commission is carried out in accordance with the provisions of the Audit Commission Act 1998, the Local Government Act 1999 and the Code of Audit Practice 2008.
- 3.2 Under section 7 of the Audit Commission Act and Section 12 of the Local Government Act 1999, the Commission has a statutory duty to prescribe scales of fees for the audit of accounts and inspections. The proposed scale of fees for 2009/10 and indicative scale of fees for 2010/11 and 2011/12 have now been issued and are attached as Appendix 1.
- 3.3 The document sets out the Audit fees to cover all of the work needed to be carried out to meet statutory responsibilities and details the work involved. Proposals for very significant increases on audit fees for the 3 years from 2008/09 were reduced after consultation revealed major opposition at a time when financial restraint from all Local Government Bodies was expected. The 11% rise in fees from 2009/10 is in line with the figures agreed previously.

- 3.4 The basic audit fee for a Fire and Rescue Service (FRS) is £58,500, plus 0.024% of the gross expenditure. This assumes a number of issues such as the extent of internal audit work and the reliance that can be placed on it, that good quality and timely working papers are produced to support the financial statements, etc. The Commission can vary the scale of fees if it considers that substantially more or less work is required (by agreement). In subsequent years it is envisaged that fees should not rise by more than the Bank of England's inflation target level of 2%, though this is subject to ongoing assessment.
- 3.5 The Audit Commission will tailor their work to reflect local circumstances focusing on financial and operational risks facing the Service and the arrangements put in place to manage those risks. For all FRSs the Audit and Inspection will include: planning, liaison and reporting; liaison with other inspectorates; accounts and systems; Use of Resources (UoR); data quality; area assessment; managing performance theme of the organisational assessment; risk-based performance audit work; risk-based inspection work.
- 3.6 The organisational assessment will combine UoR and managing performance assessment into a single assessment of organisational effectiveness. Managing performance will draw on evidence from the sector led peer review process (currently the operational assessment of service delivery). The UoR inspection will be part of the audit fees, whereas the managing performance element will be funded by way of a Department for Communities and Local Government (DCLG) grant. A grant will also fund the work on risk-based inspections which commence in 2009/10 and area assessments which will cover local partnerships.

#### 4. **EQUALITY IMPACT ASSESSMENT**

In preparing this report an initial Equality Impact Assessment is not required and has not been carried out. The matters contained in this report do not relate to a policy change.

## 5. **LEGAL IMPLICATIONS**

Section 7 of the Audit Commission Act 1998 and Section 12 of the Local Government Act 1999 places a statutory duty on the Commission to prescribe a scale of fees for the audit of accounts in inspections. Before prescribing any scale of fees it consults audited and inspected bodies, their representative associations and the accountancy profession. Once the Commission has prescribed a scale of fees it becomes payable by the audited or inspected body.

## 6. **FINANCIAL IMPLICATIONS**

A provision of £97K for audit fees has been made for 2009/10 and indicative fee proposals for 2010/11 and 2011/12 have been considered within the medium term financial plan.

## **BACKGROUND PAPERS**

Audit Commission Act 1998  
Local Government Act 1999

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A/CHIEF FIRE OFFICER

