

RIBBLE VALLEY BOROUGH COUNCIL REPORT TO ACCOUNTS AND AUDIT COMMITTEE

meeting date: 17 APRIL 2024
 title: AUDIT FEE VARIATION IN RESPECT OF 2022/23
 submitted by: DIRECTOR OF RESOURCES AND DEPUTY CHIEF EXECUTIVE
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1 PURPOSE

- 1.1 To inform committee of an audit fee variation notification that has been received from Public Sector Audit Appointments (PSAA) in respect of the 2022/23 financial year. The PSAA are an appointing person for principal local government and police bodies for audits.
- 1.2 Relevance to the Council's ambitions and priorities:
- This report contributes to the council's ambition to be a well-managed council providing efficient services based on identified customer needs.

2 BACKGROUND

- 2.1 The council are notified in advance of the audit of the audit fees that would apply for a given year. These are always proposed fees and are approved by PSAA.
- 2.2 There can be variances to these fees depending on additional work required due to local circumstance as the audit progresses, or due to issues raised as part of the audit which require additional work.
- 2.3 There have been three additional charges on top of that originally reported to committee, in respect of the 2022/23 financial year.
- 2.4 The table below sets out the previously notified charges:

Fee Element	£
Scale Fee 2022/23	36,769
Value for Money Audit - National Audit Office Requirements	9,000
ISA 540 (<i>Auditing Accounting Estimates and Related Disclosures</i>)	2,100
Additional Journals Testing	3,000
Enhanced Audit Procedures for Payroll	500
Enhanced Audit Procedures for Collection Fund – Reliefs Testing	750
Increased Audit Requirements of Revised ISA 315 (<i>Identifying and Assessing the Risks of Material Misstatement</i>) and ISA 240 (<i>The Auditor's Responsibilities Relating to Fraud in an Audit of Financial Statements</i>)	3,000
Local Risk Factors	265
Total Previously Notified Audit Fees	55,384

- 2.5 Grant Thornton have requested approval of additional fees through the PSAA, and we were notified on 27 March that these additional fees had been approved.

2.6 The additional approved fees are detailed below:

Fee Element	£	£
Total Previously Notified Audit Fees		55,384
Quality and Preparation Issues <i>Due to issues in relation to the recharges there was a need for Grant Thornton to complete extra work in reviewing the changes to the accounts and the additional testing required.</i>	15,000	
VFM Additional Risk <i>Due to weaknesses in the VFM work this work has taken some extra time in terms of needing more in-depth review and internal processes at Grant Thornton</i>	4,000	
Technical Accounting Issues <i>Additional work around the pension surplus and the accounting requirements for this as set out under IFRIC14. This will be charged to all our local government clients where this work has been required.</i>	4,000	
Subtotal of Additional Fees		23,000
New Total Audit Fees		78,384

2.7 We have been informed by PSAA that each proposal that they have received from Grant Thornton has been determined in accordance with 17(2) of the Local Audit (Appointing Person) Regulations. This provides for additional fees to be charged where in PSAA's view, on the basis of information provided by the local auditor it has appointed, the work involved in a particular audit was substantially more than that envisaged by the scale fee set.

2.8 PSAA's work includes looking in detail at the fee variation categories submitted to ensure these reflect the areas of work covered, and where appropriate the figures approved include any adjustments that were needed having followed relevant processes at PSAA.

2.9 Officers were contacted by Grant Thornton a number of months ago, to inform us of their proposal to request an increase to the audit fees for 2022/23, and so were able to ensure that these additional costs were budgeted for.

3 CONCLUSION

3.1 There has been an overall increase to the audit fees in respect of the 2022/23 financial year. The previously notified fees were £55,384 and the revised total fees are now £78,384.

3.2 The additional £23,000 fees have already been included in the Revised Estimate for the 2023/24 financial year, and so are already budgeted for.

HEAD OF FINANCIAL SERVICES

DIRECTOR OF RESOURCES AND
DEPUTY CHIEF EXECUTIVE

AA8-24/LO/AC
5 April 2024

BACKGROUND WORKING PAPERS:

For further information please ask for Lawson Oddie, extension 4541