

Meeting:	Cabinet
Date:	14 May 2009
Subject:	Comprehensive Area Assessment and Audit Fee Letters 2009-10
Responsible Officer:	Myfanwy Barrett Corporate Director of Finance Tom Whiting Assistant Chief Executive
Portfolio Holder:	David Ashton Leader and Portfolio Holder for Strategy, Partnership and Finance Paul Osborn Portfolio Holder for Performance, Communication and Corporate Services
Exempt:	No
Enclosures:	External Audit Fee Letter 2009-10 CAA Fee Letter 2009-10

Section 1 – Summary and Recommendations

This report provides Cabinet with an opportunity to comment on the Comprehensive Area Assessment (CAA) and Audit programme and fees for 2009-10.

Recommendations:

That the Comprehensive Area Assessment (CAA) and Audit programme and fees for 2009-10 be noted.

Reason:

To ensure that Cabinet is aware of the planned assessment and audit activity for 2009-10.

Section 2 – Report

1. In previous years the Council received a single Annual Audit and Inspection Plan which captured the programme of work to be carried out by both the Audit Commission and the External Auditor.
2. For 2009-10 the Audit Commission Comprehensive Area Assessment (CAA) Lead and the external auditor have both produced a fee letter for Harrow.
3. The planned work includes the audit of the financial statements for 2009-10 for the Council and the Pension Fund, the Use of Resources Assessment, and the Comprehensive Area Assessment.
4. The outputs from the work will be summarised in the Annual Audit and Inspection Letter.

Financial Implications

5. The planned fees for 2009-10 are summarised below:

	2008-09 £	2009-10 £	Increase/(Reduction) £
Main audit	395,685	374,520	(21,165)
Claims and returns	125,000	Tbc	
Pension fund audit	38,000	38,500	500
CAA	87,002	19,956	(67,046)*
Total fees	645,687		

*Note that the area assessment of the partnership is funded by a grant from DCLG

6. Assuming that the cost of claims and returns remains the same, the total fees for 2009-10 will be £557,976, a reduction of £87,711 compared to 2008-09.
7. The External Auditor has assessed the time required to carry out the work and the risk level to arrive at the fee of £374,520. The fee for the accounts work has reduced by £22,585, reflecting the fact that fewer changes to the regulations are anticipated and there is a declining risk level as the Council has been strengthening its balance sheet and rebuilding its reserves. The Use of Resources fee has increased by £1,370 or 1.25% as recommended by the Commission. The assessment for 2009-10 will be the second year of the new regime but workforce management will be assessed for the first time.
8. Harrow's fee for 2009-10 is 21% above the scale fee set by the Audit Commission (£310,329) but within the acceptable level of variation specified by the commission, which is 30%. For 2008-09 the scale fee, excluding pension fund work and inspection activity, was approximately £357,000 and the actual fee was 8% above this. However, the basis for calculating the fee scale has changed.
9. During the year additional costs can arise if there are complications with the accounts or public enquiries to the auditor. The Auditor discusses such issues with the Corporate Director of Finance before raising any additional bills. Any significant changes to the fee will be reported to the Governance, Audit and Risk Management Committee.

10. Assuming that the cost of the audit of claims and returns will be comparable to last year, the planned fee is within budget.

Performance Issues

11. The plan includes work on data quality and performance indicators within the Use of Resources assessment. This work will include consideration of the National Indicator Set and the Use of Resources self assessment, an initial draft of which was sent to the external auditors on 15 April.

12. A small number of performance indicators will be selected for a detailed spot check which will include an assessment of the underlying systems and processes for collecting and validating the data.

13. The work will focus on indicators included in the Value for Money profile and detailed work on the 2008/9 profile is currently being undertaken in preparation.

14. Area assessment will include consideration of the National Indicator Set, the Area self assessment which is currently in preparation, and the input from the Joint Inspectorates.

Environmental Impact

15. There are no direct environmental implications. The Council's use of natural resources will be assessed under Use of Resources.

Risk Management Implications

16. There are no direct risk management implications. The Council's risk management arrangements will be assessed under Use of Resources.

Section 3: Statutory Officer Clearance

Name: Myfanwy Barrett

Chief Finance Officer

Date: 15 April 2009

Name: Hugh Peart

Monitoring Officer

Date: 15 April 2009

Section 4: Performance Officer Clearance

Name: Tom Whiting

On behalf of the Divisional Director of
Strategy and Improvement

Date: 17 April 2009

Section 5 – Environmental Impact Officer Clearance

Name: John Edwards

Divisional Director
(Environmental Services)

Date: 30 April 2009

Section 6: Contact details and background papers

Contact: Myfanwy Barrett, Corporate Director of Finance
020-8420-9269

Background Papers:

None