

HAMBLETON DISTRICT COUNCIL

Report To: Audit and Governance Committee
27 June 2012

From: Chief Executive

Subject: **STATUTORY AUDITOR – QUARTERLY UPDATE**

All Wards

1.0 PURPOSE AND BACKGROUND:

- 1.1 The purpose of this report is to enable the Council's statutory auditor, Deloitte, to give an update to the Committee on its activities to date.
- 1.2 At its meeting on 25 June 2008, the Committee considered a report regarding future reports that the Committee wished to be considered on a regular basis. One such report was to consider an update from the Council's auditor on their work at the Council. The Committee accepted that the report could be either in written or verbal format, depending upon circumstances. Attached as Annex 1 is a written update and a representative from Deloitte will be in attendance at the meeting to go over the report. It will also provide an opportunity for Members to question the auditor.

2.0 DECISIONS SOUGHT:

- 2.1 Members are asked to consider the update from the auditor and note their comments.

3.0 RISK ANALYSIS:

- 3.1 There are no risks associated with approving the recommendation.

4.0 RECOMMENDATION:

- 4.1 It is recommended that the Committee note the comments of the auditor from his quarterly update.

PHIL MORTON

Background papers: None
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Hambleton District Council

External Audit Progress Report

June 2012

Summary of activity

We are pleased to present our progress report to the Audit and Governance Committee. This summarises the activities that we have completed since our report in March 2012.

Summary of activities

Audit of financial statements

Our audit planning visit has been completed and our audit plan is presented separately at this meeting. Our main audit visit commences on 9 July.

Value for Money (“VFM”)

Work is currently ongoing in this area and will be completed as part of the main audit work in the summer. The Commission has confirmed that it intends to issue a follow up to the national briefing “Tough Times” issued last year commenting on financial resilience within the sector. To inform this, auditors are required to submit a return to the Commission in July. The return will be discussed with management prior to submission.

Other matters

Demise of Audit Commission

Results of the outsourcing exercise in relation to the awarding of contracts to firms were announced in early March and 5 year contracts have been awarded.

The Commission is currently consulting with all audited bodies on the appointment of their auditor for the audit of the 2012/13 and future years. Consistent with expectations, the Commission has proposed to extend Deloitte’s appointment as auditor for the Council.

Appointments will take effect from 1 September 2012 but will not be confirmed until completion of the consultation so during the interim period, we continue in our appointment as interim auditors. The statutory terms of the interim auditors appointment limit their role to keeping a watching brief. The Commission therefore does not expect us to undertake any substantive audit work relating to 2012/13 unless there is an exceptional circumstance.

Audit fees 2012/13

The final scale fees were published in April 2012 and Hambleton’s fee for 2012/13 is set at £53,438, being a 40% reduction on the 2011/12 fee of £89,063. The Audit Commission have confirmed that the combination of outsourcing their in-house Audit Practice and internal efficiency savings means that they are able to pass on significant reductions in audit fees to audited bodies for 2012/13. The Commission has confirmed that these lower fees are fixed for five years irrespective of inflation.