

LEE VALLEY REGIONAL PARK AUTHORITY

AUDIT COMMITTEE

20 JUNE 2019 AT 14:00

Agenda Item No:

9

Report No:

AUD/99/19

ANNUAL EXTERNAL AUDIT FEE 2019/20

Presented by the Director of Finance & Resources

SUMMARY

This report sets out the Annual External Audit fee to be charged for 2019/20, as determined by Public Sector Audit Appointments for opted-in bodies.

Attached at Appendix A to this report is the formal letter from Ernst & Young our appointed Auditors who will undertake their work under the requirements of the Code of Audit Practice and supporting guidance published by the National Audit Office on behalf of the Comptroller and Auditor General, the financial reporting requirements set out in the Code of Practice on Local Authority Accounting published by CIPFA/LASAAC, and the professional standards applicable to auditor's work.

RECOMMENDATION

Members Approve: (1) paying the annual fee of £14,336 for 2019/20.

BACKGROUND

- 1 Public Sector Audit Appointments (PSAA) has set the 2019/20 fee scale on the basis that individual scale audit fees for all opted-in bodies are maintained at the same level as 2018/19 unless there are specific circumstances which require otherwise.
- 2 This continues to give opted-in bodies the benefit of the cost savings achieved in the audit procurement and continues the practice of averaging firms' costs so that all bodies benefit from the same proportionate savings, irrespective of the firm appointed to a particular audited body. It also passes on the benefit of economies which PSAA has made in its own operating costs.
- 3 Ernst & Young's letter attached at Appendix A to this report sets out the fee, what it covers and the assumptions that lie behind it. Risks of incurring additional fees may arise if the areas set out in their letter are not achieved.

ENVIRONMENTAL IMPLICATIONS

- 4 There are no environmental implications arising directly from the

recommendations in this report.

EQUALITY IMPLICATIONS

- 5 There are no equality implications arising directly from the recommendations in this report.

FINANCIAL IMPLICATIONS

- 6 The fee of £14,336 is covered by the current budget allocation of £14,400.

HUMAN RESOURCE IMPLICATIONS

- 7 There are no human resource implications arising directly from the recommendations in this report.

LEGAL IMPLICATIONS

- 8 There are no legal implications arising directly from the recommendations in this report.

RISK MANAGEMENT IMPLICATIONS

- 9 These are set out in the attached letter. Officers believe our risk management processes and the resources allocated to deliver the financial reporting requirements are sufficient to mitigate against these risks.

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APPENDIX ATTACHED

Appendix A Ernst & Young's Audit Fee Letter 2019/20

LIST OF ABBREVIATIONS

PSAA	Public Sector Audit Appointments
CIPFA	Chartered Institute of Public Finance & Accountancy
LASAAC	Local Authority (Scotland) Accounts Advisory Committee



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Mr. Shaun Dawson
Chief Executive
Lee Valley Regional Park Authority
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30 April 2019

Ref: Fee Letter/19-20

Direct line: 01223 394459

Email: NHarris2@uk.ey.com

Dear Shaun

Annual Audit 2019/20

We are writing to confirm the audit that we propose to undertake for the 2019/20 financial year at Lee Valley Regional Park Authority.

The Secretary of State for Housing, Communities and Local Government has specified Public Sector Audit Appointments (PSAA) as an appointing person under provisions of the Local Audit and Accountability Act 2014. PSAA has appointed auditors for bodies that opted into the national scheme. Appointments were made for the duration of the five-year appointing period, covering the audits of the accounts for 2018/19 to 2022/23.

Indicative audit fee

For the 2019/20 financial year, PSAA has set the scale fee for each opted in body. Following consultation on its Work Programme and Scale of Fees, PSAA has maintained scale audit fees at the same level as for 2018/19, unless there are specific circumstances which require otherwise.

The fee reflects the risk-based approach to audit planning set out in the National Audit Office's Code of Audit Practice for the audit of local public bodies.

The audit fee covers the:

- Audit of the financial statements;
- Value for money conclusion; and
- Whole of Government accounts

Our final fee will include the impact of additional risks and/or circumstances that are out of the scope of the scale fee, for example:

- Additional work performed on asset valuations, including the involvement of our valuation specialists;
- Additional work performed on the valuation of the net pension liability, including the involvement of our pension specialists; and
- Additional work arising from the implementation of IFRS 16 Leases.
- Any additional work on the Leisure Service procurement decision.



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At this stage, the indicative fee is set at the scale fee.

This indicative fee is based on certain assumptions, including:

- The overall level of risk in relation to the audit of the financial statements is not significantly different to that of the prior year;
- Officers meet the agreed timetable of deliverables;
- Our accounts opinion and value for money conclusion are unqualified;
- Appropriate quality of documentation is provided by officers;
- There is an effective control environment; and
- Prompt responses are provided to our draft reports.

Meeting these assumptions will help ensure the delivery of our audit at the indicative audit fee which is set out in the table below.

As we have not yet completed our audit for 2018/19, our audit planning process for 2019/20 will continue as the year progresses. Fees will be reviewed and updated as necessary, within the parameters of our contract.

Summary of fees

	Indicative fee 2019/20 £	Planned fee 2018/19 £	Actual fee 2017/18 £
Scale Fee	14,336	14,336	18,619
*Likely SFV for the risks on valuation and VFM significant risks (ref 18/19 Audit Plan)	tbc	* SFV	0
Total Code audit fee	14,336	14,336	18,619

Any additional work that we may agree to undertake (outside of the Code of Audit Practice) will be separately negotiated and agreed with you in advance. All variations to the scale fee will be subject to PSAA approval.

Billing

The scale fee will be billed in 4 quarterly instalments of £3,584.

Audit plan

Our plan is expected to be issued in January 2020. This will communicate any significant financial statement and value for money risks identified, planned audit procedures to respond to those risks and the estimated fee implications of these additional procedures. Should we need to make any significant amendments to the audit fee during the course of the audit, we will discuss this in the first instance with the Director of Finance and Resources and communicate the revised fee and the matters giving rise to any adjustments to the scale fee in our Audit Results Report which we will present to the Audit Committee.

For a high level overview of our approach and further information on how we intend to work with you under the PSAA contract, please refer to our leaflet 'EY working with you' which is enclosed.

We remain committed to providing you with a high quality service. If at any time you would like to discuss with us how our service to you could be improved, or if you are dissatisfied with the service you are receiving, please contact me, or Janet Dawson as our Government and Public Sector Assurance Leader at jdawson1@uk.ey.com. If you prefer an alternative route, please contact Steve Varley, our Managing Partner, by writing to him at 1 More London Place, London, SE1 2AF. We undertake to look into any complaint carefully and promptly and to do all we can to explain the position to you. Should you remain dissatisfied with any aspect of our service, you may of course take matters up with our professional institute.

Yours sincerely



Neil Harris
Associate Partner
For and on behalf of Ernst & Young LLP

cc. Simon Sheldon, Director of Finance and Resources
Frances Button, Chair of Audit Committee.

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