

**LANCASHIRE COMBINED FIRE AUTHORITY
AUDIT COMMITTEE**

Meeting to be held on 25 January 2018

CONSULTATION ON 2018/19 SCALES OF AUDIT FEES

Contact for further information:

Keith Mattinson - Director of Corporate Services - Telephone Number 01772 866804

Executive Summary

Public Sector Audit Appointments Limited (the successor to the Audit Commission) has produced a consultation document on proposed scale of audit fees for 2018/19. Following the recent procurement exercise these fees will reduce to £24k.

Recommendation

The Audit Committee is asked to note the consultation document as set out in the report.

Information

Public Sector Audit Appointments Limited (PSAA) is responsible under the Local Audit (Appointing Person) Regulations 2015 for setting the scale of fees for the audit of the accounts of principal local government and police bodies in England that have opted into the appointing person scheme.

PSAA is now consulting on the proposed scale of fees for 2018/19 audits. They propose that scale audit fees for 2018/19 should reduce by 23 per cent, compared to the fees applicable for 2017/18. This reduction is possible as a result of the favourable prices secured from audit firms in the recent audit services procurement. It follows a period from 2012/13 to 2017/18 in which scale fees reduced significantly by an aggregate of 55 per cent.

They hope to be able to maintain the reduction of 23 per cent in scale fees for the first three years of the appointing period, based on current assumptions about inflation and the amount of work auditors are required to undertake. They expect to be able to confirm this position when they review and update their assumptions and estimates each year, and consult on scale fees for the following year. They may be able to sustain the reduction for the full five years of the appointing period, but economic uncertainties mean it is not possible to be certain at this early stage, because they cannot be certain of the impact of inflation indexation provisions in the audit contracts on PSAA's costs.

The work that auditors will carry out on the 2018/19 accounts will be completed based on the requirements set out in the Local Audit and Accountability Act 2014 and under the Code of Audit Practice published by the National Audit Office.

Proposed 2018/19 scale fees for the Authority are £23,669, compared with the current fee of £30,739.

The consultation closed on 15 January 2018. Given the reduction in fees, and after consultation with the Chairman and Vice-Chairman, we have not submitted a formal response to the document.

Financial Implications

The anticipated fee is reflected in our draft budget for 2018/19.

Human Resource Implications

None

Equality and Diversity Implications

None

Business Risk Implications

None

Environmental Impact

None

Local Government (Access to Information) Act 1985

List of Background Papers

Paper	Date	Contact
Reason for inclusion in Part II, if appropriate:		