



## **PERTH AND KINROSS INTEGRATION JOINT BOARD**

### **AUDIT & PERFORMANCE COMMITTEE**

**17 FEBRUARY 2020**

### **EXTERNAL AUDIT – PROPOSED AUDIT FEE 2019/20**

**Report by Chief Financial Officer (Report No. G/20/29)**

#### **PURPOSE OF REPORT**

This report presents the proposed Audit Scotland External Audit Fee for 2019/20 for approval.

#### **1. RECOMMENDATIONS**

It is recommended that the Audit and Performance Committee:

- (i) Notes the proposed Audit Fee for 2019/20 of £29,210 and authorises Officers to accept the proposed fee for 2019/20.

#### **2. BACKGROUND / OVERVIEW**

2.1 Audit fees are based on Audit Scotland's Funding & Fee Strategy. This strategy was revised in 2016 following consultation with stakeholders. The two key principles for these fee setting arrangements are:

- Audit fees should be set with the objective to recover the full cost of audit work in each sector
- The cost of the audit should be independent of the identity or location of the auditor.

2.2 On 18<sup>th</sup> December 2019, the Chief Financial Officer received an indication of the fees for 2019/20 audits from Audit Scotland. This proposed a fee of £26,560 for Perth & Kinross Integration Joint Board (IJB). However, the actual amount the IJB pay may vary depending on the amount of the audit fee agreed with our auditor. Fees can be agreed between the auditor and the IJB by varying the auditor remuneration by up to 10% above the level set by Audit Scotland.

2.3 KPMG have proposed a fee of £29,210. This is higher than the fee proposed by Audit Scotland. KPMG have indicated that the overall requirements of the Audit, including the need to consider financial sustainability and wider scope, require the maximum fee to be charged.

2.4 The fee of £29,210 is the maximum chargeable fee and represents a 2.5% increase from 2018/19 as set out in Appendix 1.

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