



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

### **AUDIT & PERFORMANCE COMMITTEE**

**7 MARCH 2022**

### **EXTERNAL AUDIT – PROPOSED AUDIT FEE 2021/22**

**Report by Head of Finance and Corporate Services**

(Report No G/22/40)

#### **PURPOSE OF REPORT**

This report presents the proposed External Audit Fee for 2021/22 for approval to the Audit and Performance Committee.

#### **1. RECOMMENDATIONS**

It is recommended that the Audit and Performance Committee:

- (i) Approve the proposed External Audit fee for 2021/22, subject to Audit Scotland approval.

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

2.1 Audit fees are based on Audit Scotland's Funding & Fee Strategy. 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 10 December 2021, the Head of Finance and Corporate Services received an indication of the fees for 2021/22 audits from Audit Scotland. This proposed a fee of £27,960 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 the 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. If the fee is above that threshold, then approval must be given by Audit Scotland.

- 2.3 Since 2018/19 the KPMG fee has been higher than that 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 increased fee to be charged. The year on year fee variation is consistent in amount and percentage when compared to the Audit Scotland expected fee. KPMG are obtaining approval from Audit Scotland for the variation, as required when in excess of 10%, as they have in previous periods.
- 2.4 The fee of £30,660 is being proposed and represents a 2% increase from 2020/21, as set out in Appendix 1.

### 3. Conclusion

- 3.1 The Audit & Performance Committee are recommended to approve the proposed External Audit fee for 2021/22, subject to Audit Scotland approval.

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#### Appendices

Appendix 1 – Summary of Fees