

EXTERNAL AUDIT APPOINTMENT FOR 2018/19 ONWARDS

SUMMARY

1. This report follows-up the papers considered by Members at the September 2016 and February 2017 GAS and HFA meetings.
2. Members will recall the decision to opt-into the Public Sector Audit Appointments (PSAA) process for the appointment of external auditors after the current arrangement ends on 31 March 2018.
3. This report outlines the consultation process initiated by PSAA on 14 August 2017. PSAA have specified that Mazars LLP are the recommended auditor for Humberside Fire Authority from 1 April 2018, subject to a consultation period and approved by the full Fire Authority.

RECOMMENDATIONS

4. That Members approve the appointment of Mazars LLP as the Authority's external auditors from 1 April 2018 and that PSAA be notified accordingly by the deadline of 5pm on 22 September.

BACKGROUND

5. Members agreed at the HFA meeting 13 February 2017 to opt-into the PSAA arrangements for the appointment of the Authority's external auditor from 1 April 2018.
6. The process followed by PSAA to arrive at a recommendation has a consultation period built-in.
7. The formal consultation was started on 14 August 2017 with the notification that Mazars LLP would be the proposed appointment for Humberside Fire Authority.
8. The consultation period runs to 5pm on 22 September 2017. Any basis for objecting to the proposed appointment would need to fall into one or more of the following three areas:-
 1. There is an independence issue in relation to the firm proposed as the auditor, which had not been previously notified to the PSAA;
 2. There are formal and joint working arrangements relevant to the auditor's responsibilities, which had not been previously notified to the PSAA; or
 3. There is another valid reason, for example you can demonstrate a history of inadequate service from the proposed firm.
9. Any representations will be considered by PSAA with a response by 16 October 2017.

10. It is recommended that the Authority approves the appointment of Mazars LLP as their external auditor from 1 April 2018.
11. Mazars LLP have also been proposed for Humberside Police which will create beneficial synergies over the 5 years of the contract.
12. Initial indications also suggest that the procurement exercise undertaken by PSAA will in 2018/19 lead to an 18% reduction in scale fees over the 2016/17 level.
13. Subsequently, PSAA will write to all bodies to confirm the final decisions on appointment of the auditor before 21 December.

NEXT STEPS

14. Before 5pm on 22 September, subject to the full HFA approval, PSAA will be notified that Mazars LLP are accepted as the external auditor from 1 April 2018.

STRATEGIC PLAN COMPATIBILITY

15. Robust and effective external audit is vital in giving assurance that the Service is achieving its objectives in the most efficient and effective way possible.

FINANCIAL/RESOURCES/VALUE FOR MONEY IMPLICATIONS

16. Initial indications are that fee levels will decrease by circa 18% when the current contracts end in March 2018.

LEGAL IMPLICATIONS

17. Section 7 of the Local Audit and Accountability Act 2014 (the Act) requires a relevant authority to appoint a local auditor to audit its accounts for a financial year not later than 31 December in the preceding year. Section 8 governs the procedure for appointment including that the authority must consult and take account of the advice of its auditor panel on the selection and appointment of a local auditor. Section 8 provides that where a relevant authority is a local authority operating executive arrangements, the function of appointing a local auditor to audit its accounts is not the responsibility of an executive of the authority under those arrangements.
18. Section 12 makes provision for the failure to appoint a local auditor: the authority must immediately inform the Secretary of State, who may direct the authority to appoint the auditor named in the direction or appoint a local auditor on behalf of the authority.
19. Section 17 gives the Secretary of State the power to make regulations in relation to an 'appointing person' specified by the Secretary of State. This power has been exercised in the Local Audit (Appointing Person) Regulations 2015 (SI 192) and this gives the Secretary of State the ability to enable a Sector Led Body to become the appointing person.

EQUALITY IMPACT ASSESSMENT/HR IMPLICATIONS

20. No direct issues arising.

CORPORATE RISK MANAGEMENT IMPLICATIONS

21. There is no immediate risk to the Authority, however, involvement in the PSAA process has ensured that the Authority has participated in a robust and effective procurement process.

HEALTH AND SAFETY IMPLICATIONS

22. No direct issues arising.

COMMUNICATION ACTIONS ARISING

23. No direct issues arising.

DETAILS OF CONSULTATION AND/OR COLLABORATION

24. This report has been discussed and agreed by CMT.

BACKGROUND PAPERS AVAILABLE FOR ACCESS

25. PSAA website – various papers relating to the transitional arrangements for external audit appointments.

RECOMMENDATIONS RESTATED

26. That Members approve the appointment of Mazars LLP as the Authority's external auditors from 1 April 2018 and that PSAA be notified accordingly by the deadline of 5pm on 22 September.

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