

Cabinet



Forest Heath
District Council

Title of Report:	Recommendation of the Performance and Audit Scrutiny Committee: 22 September 2016 – Arrangements for Appointment of External Auditors	
Report No:	CAB/FH/16/046	
Reports to and dates:	Cabinet	25 October 2016
	Council	21 December 2016
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Lead Officer:	Rachael Mann Head of Resources and Performance Tel: 01638 719245 Email: rachael.mann@westsuffolk.gov.uk	
Purpose of report:	On 22 September 2016, the Performance and Audit Scrutiny Committee considered Report No: PAS/FH/16/023 , which asked Members to consider the options available for appointing External Auditors in time to make the first appointment by 31 December 2017, following the closure of the Audit Commission, and the end of the transitional arrangements.	
Recommendation:	It is <u>RECOMMENDED</u> that subject to the approval of full Council, Option 3, to 'opt-in' to the sector led body (Public Sector Audit Appointments Limited (PSAA)) for the independent appointment of the Council's External Auditor, beginning with	

	responsibilities for the financial year 2018-2019 be approved.		
Key Decision: <i>(Check the appropriate box and delete all those that do not apply.)</i>	<i>Is this a Key Decision and, if so, under which definition?</i> Yes, it is a Key Decision - <input type="checkbox"/> No, it is not a Key Decision - <input checked="" type="checkbox"/>		
Consultation:	<ul style="list-style-type: none"> See Report No: PAS/FH/16/023 		
Alternative option(s):	<ul style="list-style-type: none"> See Report No: PAS/FH/16/023 		
Implications:			
<i>Are there any financial implications? If yes, please give details</i>		Yes <input type="checkbox"/> No <input type="checkbox"/> <ul style="list-style-type: none"> See Report No: PAS/FH/16/023 	
<i>Are there any staffing implications? If yes, please give details</i>		Yes <input type="checkbox"/> No <input type="checkbox"/> <ul style="list-style-type: none"> See Report No: PAS/FH/16/023 	
<i>Are there any ICT implications? If yes, please give details</i>		Yes <input type="checkbox"/> No <input type="checkbox"/> <ul style="list-style-type: none"> See Report No: PAS/FH/16/023 	
<i>Are there any legal and/or policy implications? If yes, please give details</i>		Yes <input type="checkbox"/> No <input type="checkbox"/> <ul style="list-style-type: none"> See Report No: PAS/FH/16/023 	
<i>Are there any equality implications? If yes, please give details</i>		Yes <input type="checkbox"/> No <input type="checkbox"/> <ul style="list-style-type: none"> See Report No: PAS/FH/16/023 	
Risk/opportunity assessment: <i>(potential hazards or opportunities affecting corporate, service or project objectives)</i>			
Risk area	Inherent level of risk (before controls)	Controls	Residual risk (after controls)
	Low/Medium/ High*		Low/Medium/ High*
See Report No: PAS/FH/16/023			
Wards affected:		All Wards	
Background papers: <i>(all background papers are to be published on the website and a link included)</i>		http://www.psa.co.uk/supporting-the-transition/procurement-and-appointment-of-auditors/	
Documents attached:		None	

1. Key issues and reasons for recommendation

- 1.1 The Committee received Report No: PAS/FH/16/023, which asked the Committee to consider options available for appointing External Auditors in time to make a first appointment by 31 December 2017, following the closure of the Audit Commission, and the end of the transitional arrangements.
- 1.1.2 It was the Council's statutory responsibility to appoint a local auditor to audit its 2018-2019 accounts by 31 December 2017. In meeting this statutory responsibility the Council could choose one of the following options:
- 1) Establish a stand-alone Auditor Panel to make the appointment on behalf of the Council;
 - 2) Commence work on exploring the establishment of local joint procurement arrangements with neighbouring authorities; or
 - 3) Use an existing independent panel of the Authority (this would only be applicable where a suitably constituted plan already existed).
- 1.1.3 The report set out in detail the advantages and disadvantages for each of the three options; risk management; legal and financial implications.
- 1.1.4 The Council had until December 2017 to make an appointment, which meant one of the three options would need to be in place by Spring 2017, in order that the contract negotiation process could be carried out during 2017.
- 1.1.5 The Committee was advised that option 3 would provide for better economies of scale in keeping audit fees down, and having a Suffolk Wide auditor.

1.2 Performance and Audit Scrutiny Committee

- 1.2.1 The Performance and Audit Scrutiny Committee scrutinised the report in detail and asked a number of questions to which officers duly responded.
- 1.2.2 The Performance and Audit Scrutiny Committee has put forward a recommendation as set out on page one of this report.