

Shadow Executive (Cabinet)



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| Title of Report: | Recommendations of the Forest Heath and St Edmundsbury Performance and Audit Scrutiny Committees: 25 July 2018: Arrangements for Appointment of External Auditors for the West Suffolk Council and West Suffolk Shadow Authority | |
| Report No: | EXC/SA/18/009 | |
| Report to and dates: | Shadow Executive (Cabinet) | 18 September 2018 |
| | Shadow Council | 25 September 2018 |
| Shadow Executive (Cabinet) Members: | Stephen Edwards Tel: 07904 389982 Email: stephen.edwards@forest-heath.gov.uk | Ian Houlder Tel: 01359 250912 Email: ian.houlder@stedsbc.gov.uk |
| Chairman of the Committees: | Councillor Louis Busuttil FHDC Performance and Audit Scrutiny Committee Tel: 01638 810517 Email: louis.busuttil@forest-heath.gov.uk | Councillor Sarah Broughton SEBC Performance and Audit Scrutiny Committee Tel: 01284 787327 Email: sarah.broughton@stedsbc.gov.uk |

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| Lead Officers: | <p>Rachael Mann Assistant Director (Resources and Performance) Tel: 01638 719245 Email: rachael.mann@westsuffolk.gov.uk</p> | <p>Greg Stevenson Service Manager (Finance and Resources) Tel: 01284 757264 Email: gregory.stevenson@westsuffolk.gov.uk</p> |
| Purpose of report: | <p>On 25 July 2018, both St Edmundsbury Borough Council and Forest Heath District Council's Performance and Audit Scrutiny Committees considered Report Nos: PAS/SE/18/025 / PAS/FH/18/024, setting out options available for appointing External Auditors for the new West Suffolk Council.</p> <p>This report also includes an update position and recommendations in respect of the external audit arrangements for the West Suffolk Shadow Authority.</p> | |
| Recommendations: | <p>The Forest Heath and St Edmundsbury Performance and Audit Scrutiny Committees have <u>RECOMMENDED</u> that:</p> <p><u>West Suffolk Council</u></p> <p>(1) Subject to the approval of Shadow Council, Option 3, to 'opt-in' to the sector led body (Public Sector Audit Appointments Limited) for the independent appointment of the Council's External Auditor, beginning with responsibilities for the financial year 2019-2020, as set out in Report Nos: PAS/SE/18/025 and PAS/FH/18/024, be approved.</p> <p>Officers further <u>RECOMMEND</u>, in consultation with the Chairmen of Forest Heath and St Edmundsbury Performance and Audit Scrutiny Committees, that subject to the approval of Shadow Council:</p> <p><u>West Suffolk Shadow Authority</u></p> <p>(2) agreement be given for the External Audit of the West Suffolk Shadow Authority Accounts to be prepared under the Smaller Authority audit procedures, as set out in Attachment A of Report No: EXC/SA/18/009; and</p> <p>(3) approval be given for the S151 Officer to write to the Smaller Authorities' Audit</p> | |

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| | | Appointments (SAAA) informing them that the West Suffolk Shadow Authority would like to be treated as 'opted in' to the smaller authorities scheme and as such the auditor would be PKF Littlejohn (the appointees for Suffolk). | |
| 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 Nos: PAS/SE/18/025 and PAS/FH/18/024 and Attachment A | |
| Alternative option(s): | | <ul style="list-style-type: none"> See Report Nos: PAS/SE/18/025 and PAS/FH/18/024 and Attachment A | |
| 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 Nos: PAS/SE/18/025 and PAS/FH/18/024 and Attachment A | |
| <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 Nos: PAS/SE/18/025 and PAS/FH/18/024 and Attachment A | |
| <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 Nos: PAS/SE/18/025 and PAS/FH/18/024 and Attachment A | |
| <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 Nos: PAS/SE/18/025 and PAS/FH/18/024 and Attachment A | |
| <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 Nos: PAS/SE/18/025 and PAS/FH/18/024 and Attachment A | |
| 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) |
| See Report Nos: PAS/SE/18/025 and PAS/FH/18/024 and Attachment A | | | |
| Wards affected: | | All Wards | |

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| <p>Background papers: <i>(all background papers are to be published on the website and a link included)</i></p> | <p>http://www.psa.co.uk/supporting-the-transition/procurement-and-appointment-of-auditors/</p> <p>FHDC 2016 Report PAS.FH.16</p> <p>SEBC 2016 Report PAS.SE.16</p> |
| <p>Documents attached:</p> | <p>Attachment A - The proposed audit of the accounts for the West Suffolk Shadow Authority</p> |

1. Key Issues and Reasons for Recommendations

1.1 Key Issues – West Suffolk Council

- 1.2 All Councils have a statutory requirement to make arrangements to appoint an External Auditor. Either Councils can make arrangements to appoint their own auditor, or they can opt into national schemes.
- 1.3 In September 2016, both Performance and Audit Scrutiny Committees recommended to Forest Heath and St Edmundsbury Councils to 'opt in' to the Public Sector Audit Appointments (PSAA) audit arrangements for the statement of accounts work for 2018-2019.
- 1.4 As a result of the transition to a new West Suffolk Council both Forest Heath and St Edmundsbury will cease to exist and officers will notify PSAA they will no longer be part of this arrangement. However, the new West Suffolk Council will need to confirm its audit arrangements to appoint a local audit to audit its accounts for 2019-2020.
- 1.5 Advice from the PSAA has confirmed that West Suffolk Council will need to formally opt in to the PSAA arrangements. Those arrangements cannot transition across. Therefore, Members are being asked to reaffirm their commitment to option 3, which is to 'opt in' to the PSAA arrangements. For completeness Report Nos: PAS/SE/18/025 / PAS/FH/18/024 provides all three of the options again for Members' consideration. It should be noted that this is only being presented to Members due to the arrangements to move to a new Council, not through any dissatisfaction with the PSAA process or appointment of auditors to date.
- 1.6 The Shadow Council must, by 31 December 2018, take action to implement new arrangements for the appointment of external auditors from April 2019 under a new West Suffolk Council. In order that more detailed proposals can be developed, the Shadow Council is asked to give early consideration to the preferred approach.
- 1.7 Both Performance and Audit Scrutiny Committees considered their respective report, and have put forward a recommendation as set out on page two of this report.

2. Key Issues – West Suffolk Shadow Authority

- 2.1 The order to create the West Suffolk Shadow Authority stated that the Shadow Authority would be subject to the Local Audit and Accountability Act 2014 and therefore requires an external audit to take place of the Shadow Authority accounts (for the period 24 May 2018 to 31 March 2019).
- 2.2 **Attachment A**, which forms as an update to Report Nos: PAS/SE/18/025 / PAS/FH/18/024, has been considered and supported by the Performance and Audit Scrutiny Committee Chairmen for inclusion into this recommendation report.
- 2.3 **Attachment A** details the rationale behind the recommendation to prepare the West Suffolk Shadow Authority accounts under the Smaller Authority audit procedures and for the S151 Officer write to Smaller Authorities' Audit Appointments (SAAA) and inform them we would like to be treated as opted in, and as such the auditor would be PKF Littlejohn (the appointees for Suffolk).