



**Committee Council**

**Date 4th September 2017**

**Subject: Appointment of External Auditor 2018/19**

Report by:

Tracey Bircumshaw  
Financial Services Manager

Contact Officer:

Tracey Bircumshaw  
Financial Services Manager  
01427 676560  
Tracey.Bircumshaw@west-lindsey.gov.uk

Purpose / Summary:

The purpose of the report is to consider the consultation and determine the appointment of our External Auditor for 2018/19

**RECOMMENDATION(S):**

**That Members consider the consultation on the appointment of the External Auditor**

**Approve of the appointment of Mazars as the Council's External Auditor from 1 April 2018 for a period of 5 years.**

## IMPLICATIONS

### Legal:

This appointment is within the provisions of relevant legislation;

- Local Audit and Accountability Act 2014
- Regulation 3 of the Local Audit (Appointing Auditors) Regulations

### Financial : FIN/63/18

The External Audit Fee 2018/19, has yet to be advised, but indications are that there will be an 18% saving on current costs, resulting in circa £7k of savings on the base budget.

### Staffing :

None arising from this report.

### Equality and Diversity including Human Rights :

None arising from this report

**Risk Assessment :** None arising from this report.

**Climate Related Risks and Opportunities :** None arising from this report.

### Title and Location of any Background Papers used in the preparation of this report:

Local Audit and Accountability Act 2014

Regulation 3 of the Local Audit (Appointing Auditors) Regulations

### Call in and Urgency:

**Is the decision one which Rule 14.7 of the Scrutiny Procedure Rules apply?**

*i.e. is the report exempt from being called in due to urgency (in consultation with C&I chairman)*

Yes

No

**x**

### Key Decision:

*A matter which affects two or more wards, or has significant financial implications*

Yes

No

**x**

## **1. Background**

For audits of the accounts from 2018/19, Public Sector Audit Appointments (PSAA) is responsible for appointing an auditor to principal local government and police bodies that have chosen to opt into its national auditor appointment arrangements. WLDC opted into this process on approval of the Governance and Audit Committee.

## **2. About the proposed appointment**

PSAA must, under regulation 13 of the Regulations, appoint an external auditor to each opted-in authority and consult the Council about the proposed appointment.

West Lindsey District Council has opted into PSAA's auditor appointment arrangements. We have been advised that the PSAA have now completed a procurement to let audit contracts from 2018/19.

Mazars LLP was successful in winning a contract in the procurement process and the PSAA propose appointing this firm as the auditor of West Lindsey District Council.

Mazars is a large global audit and accounting firm with over 18,000 professionals in 79 countries worldwide. In the UK the firm ranks in the top ten with 1,700 employees and 140 partners working out of 19 offices, and UK fee income in 2016 of £160m. The firm's dedicated public audit team has significant experience in providing external audit to public sector bodies. It comprises individuals with experience of auditing councils, combined authorities, police bodies, fire and rescue authorities, local government pension funds and other public bodies. In addition to its audit contract with PSAA, the firm also has a substantial portfolio of NHS audits and is one of the National Audit Office's framework suppliers for central government audit.

In developing this appointment proposal, PSAA have applied the following principles, balancing competing demands as much as they can, based on the information provided to us by audited bodies and audit firms:

- ensuring auditor independence, as required by the Regulations;
- meeting the commitments to the firms under the audit contracts;
- accommodating joint/shared working arrangements where these are relevant to the auditor's responsibilities;
- ensuring a balanced mix of authority types for each firm;
- taking account of each firm's principal locations; and
- providing continuity of audit firm if possible, but avoiding long appointments.

## **3. Responding to the consultation**

PSAA are in the process of consulting on the proposed appointment of

Mazars LLP to audit the accounts of West Lindsey District Council for five years from 2018/19. The consultation will close on Friday 22 September.

Members are asked to consider if they are satisfied with the proposed appointment.

The PSAA Board will consider all proposed auditor appointments at its meeting scheduled for 14 December 2017 and will write by email to all opted-in bodies after this Board meeting to confirm auditor appointments.

#### **4. Objecting to the proposed auditor appointment**

If Members wish to make representations to PSAA about the proposed auditor appointment;

Representations can include matters that you believe might be an impediment to the proposed firm's independence, were it to be your appointed auditor.

The following may represent acceptable reasons:

- there is an independence issue in relation to the firm proposed as the auditor, which had not previously been notified to PSAA;
- there are formal and joint working arrangements relevant to the auditor's responsibilities, which had not previously been notified to PSAA; or
- there is another valid reason, for example you can demonstrate a history of inadequate service from the proposed firm.

If representations are accepted, the PSAA will consult us on an alternative auditor appointment between 16-27 October 2017. If representations are not accepted, this will be confirmed to us, there will be the opportunity to supply additional information in further support of Members representations, however the PSAA Board's final decision on the appointment of the auditor will be communicated before 21 December 2017.

#### **4. Scale fees for 2018/19**

There will be a further consultation on scale fees for 2018/19 in due course and confirmed scale fees for 2018/19 for opted-in bodies will be published on the PSAA website in March 2018. The results of the audit procurement indicate that a reduction in scale fees in the region of approximately 18% per cent should be possible for 2018/19, based on the individual scale fees applicable for 2016/17.

#### **5. Recommendation**

That Members consider the consultation on the appointment of the External Auditor

That Members approve the appointment of Mazars as the Council's External Auditor from 1 April 2018 for a period of 5 years.