

## **Report of the Treasurer**

### **External Audit : Future Plans**

#### **Purpose of report**

1. To update the Committee on the audit fee for 2017/18 and the scope and timing of work to be undertaken along with Audit arrangements for future years.
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#### **Recommendations**

**The Treasurer recommends that the Committee note:**

- i) **the External Audit Fee 2017/18 from Grant Thornton UK LLP; and**
- ii) **the appointment of Grant Thornton UK LLP as Auditors for 2018/19 onwards.**

#### **Introduction and Background to 2017/18**

2. Grant Thornton (UK) LLP was appointed by the Audit Commission to act as auditors for Hereford and Worcester Fire and Rescue Authority.
3. Public Sector Audit Appointments Ltd (PSAA) as successor body to the Audit Commission continues to determine the scale fee for Audit work.

#### **Scale Fee 2017/18 Audit**

4. The scale fee is defined as the fee required by auditors to carry out the work necessary to meet statutory responsibilities in accordance with the Code of Audit Practice.
5. The Authority's scale fee for 2017/18 is £32,872 which is the same audit fee set for 2016/17 and considerably less than the circa £80,000 pre-Austerity fees.
6. Fees will be reviewed and updated as necessary as the audit work progresses.
7. Fees will be billed quarterly in advance.
8. The scale fee excludes any work requested by the Authority that Grant Thornton may agree to undertake outside of the audit code. Each additional piece of work will be separately agreed and a detailed project specification and fee agreed with the Authority.

### Outline Audit Timetable 2017/18 Audit

9. Audit planning and interim audit procedures has already commenced. Upon completion of this phase of work a detailed audit plan setting out findings and details of audit approach will be issued. Final accounts and work on the Value for Money Conclusion will be completed in July 2018 and work on the whole of government accounts return in August 2018.

Phase of Work	Timing	Outputs
Audit planning and interim audit	Nov 17 – Feb 18	Audit Plan
Final accounts audit	June – July 2018	Audit Findings Report (to those charged with governance)
Value for Money Conclusion	February – July 2018	Audit Findings Report (to those charged with governance)
Whole of government accounts	August 2018	Opinion on the Whole Government Accounts (WGA) return
Annual audit letter	October 2018	Annual Audit Letter to the Authority

### Future Arrangements

10. Members will be aware, from the Report brought to the October 2016 Fire Authority meeting, of the changed arrangements for the appointment of external auditors from the 2018/19 Audit.
11. In common with almost all local authorities, the Fire Authority signed up with the LGA company “Public Sector Audit Appointments Ltd” (PSAA) to manage the tendering process.
12. On the 15<sup>th</sup> August, the Chief Fire Officer/Chief Executive and Treasurer received notification of the appointment of Grant Thornton LLP as auditors for the five years commencing with the 2018/19 audit.
13. The detail of this notification is provided at Appendix 2.

14. There are no valid (as set out in the appendix) or other reasons why Grant Thornton should not be the Authority's External Auditor for the next 5 years and therefore the appointment has been accepted .
15. The appointment will give continuity to the audit in a period when the whole process is to be speeded up.
16. It is also pleasing to note an expected further fall in Audit Fees of around 18%, which equates to a £6,000 annual saving.

### **Corporate Considerations**

<b>Resource Implications</b> (identify any financial, legal, property or human resources issues)	Fees (see paras 4 – 8)
<b>Strategic Policy Links</b> (identify how proposals link in with current priorities and policy framework and if they do not, identify any potential implications).	None.
<b>Risk Management / Health &amp; Safety</b> (identify any risks, the proposed control measures and risk evaluation scores).	None.
<b>Consultation</b> (identify any public or other consultation that has been carried out on this matter)	None.
<b>Equalities</b> (has an Equalities Impact Assessment been completed? If not, why not?)	N/A

### **Supporting Information**

Appendix 1: Grant Thornton UK LLP – Planned Audit Fee for 2017/18 letter dated 5 April 2017

Appendix 2: Formal Communication from Public Sector Audit Appointments Ltd (PSAA)

### **Background Papers**

Fire Authority 11<sup>th</sup> Oct 2016: 7. Changes to arrangements for Appointment of External Auditors

### **Contact Officer**

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