



Buckinghamshire & Milton Keynes Fire Authority

MEETING	Overview and Audit Committee
DATE OF MEETING	14 September 2016
OFFICER	Mark Hemming, Deputy Director of Finance and Assets
LEAD MEMBER	Councillor Andy Dransfield
SUBJECT OF THE REPORT	Appointment of External Auditors
EXECUTIVE SUMMARY	<p>The current audit contracts were novated from the Audit Commission to Public Sector Audit Appointments Limited (PSAA) on 1 April 2015. The contracts were due to expire following conclusion of the audits of 2016/17 accounts, but could be extended for a period of up to three years by PSAA, subject to DCLG amendment of the transitional provisions to extend the period in which the statutory functions are delegated to PSAA.</p> <p>In October 2015, the Secretary of State confirmed that the transitional provisions would be amended to allow an extension of the contracts for a period of one year for audits of principal local government bodies only. The new framework for principal local government bodies will commence with the 2018/19 audits.</p> <p>Once the transitional arrangements end and the new arrangements set out in the Act are in place, there are three options available to local public bodies for appointing an auditor. These are to:</p> <ol style="list-style-type: none"> 1. undertake an individual auditor procurement and appointment exercise; 2. undertake a joint audit procurement and appointing exercise with other bodies, those in the same locality for example; or 3. join a 'sector led body' arrangement where specified appointing person status has been achieved under the relevant Regulations. <p>All the above options require a local auditor to be appointed not later than 31 December in the financial year preceding the financial year of the accounts to be audited. So for the audit of the accounts of the 2018/19 financial year, there must be a local auditor appointed by 31 December 2017.</p> <p>In July 2016, the Secretary of State for Communities</p>

	<p>and Local Government confirmed that PSAA has been specified as an appointing person under the provisions of the Local Audit and Accountability Act 2014 and the Local Audit (Appointing Person) Regulations 2015. This means that PSAA will make auditor appointments to relevant principal local government bodies (including police and fire bodies) that choose to opt into the national appointment arrangements for audits of the accounts from 2018/19.</p> <p>The date by which principal local government bodies will need to opt into the appointing person arrangement is not yet finalised, but PSAA expect invitations to opt in will be issued before December 2016.</p>
ACTION	Decision.
RECOMMENDATIONS	<p>It is recommended that the Authority be recommended to:</p> <ol style="list-style-type: none"> 1. Approve for the Authority to join a 'sector led body' arrangement.
RISK MANAGEMENT	No direct impact.
FINANCIAL IMPLICATIONS	<p>The new audit fees will not be known until the procurement exercise is complete. It is anticipated that a 'sector led body' will provide the lowest fees for the Authority. This is because as a smaller authority, we will be able to gain from the economies of scale that a larger group of authorities would benefit from.</p> <p>Joining a 'sector led body' would also remove the need for the Authority to complete its own procurement exercise, which is costly in terms of the resources required to complete it.</p>
LEGAL IMPLICATIONS	<p>The new arrangements for the audit and accountability of local public bodies are set out in the Local Audit and Accountability Act 2014.</p> <p>The following Regulations have been issued under the Act:</p> <ul style="list-style-type: none"> • The Accounts and Audit Regulations 2015 • The Local Audit (Appointing Person) Regulations 2015 <p>The decision to opt into a 'sector led body' requires the approval of the full Authority.</p>
CONSISTENCY WITH THE PRINCIPLES OF COLLABORATION	Of the three options presented in the Executive Summary, a 'sector led body' will ensure collaboration with the largest number of public sector bodies.
HEALTH AND SAFETY	No direct impact.

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EQUALITY AND DIVERSITY	No direct impact.
USE OF RESOURCES	Any changes to the scale of fees will be factored into the medium term financial plan.
PROVENANCE SECTION & BACKGROUND PAPERS	None.
APPENDICES	None.
TIME REQUIRED	10 minutes.
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