

## AUDIT AND PERFORMANCE REVIEW PANEL

TUESDAY, 28 FEBRUARY 2017

PRESENT: Councillors Paul Brimacombe (Chairman), Jack Rankin, MJ Saunders and Edward Wilson

Officers: Robb Stubbs, Richard Bunn and David Cook.

### APOLOGIES

Apologies for absence were received by Cllr Carroll, Cllr Smith and Cllr Jones.

### DECLARATIONS OF INTEREST

There were no declarations of interest received.

### NEW AUDIT ARRANGEMENTS

The Chairman informed the Panel that at their last meeting they received a presentation from KPMG on the new arrangement and options for the appointment of Auditors for the audit of the 2018/19 accounts. This was accompanied by a report that set out procurement options, that included the option of accepting an offer from the Public Sector Audit Appointments (PSAA) board..

The Chairman informed that the Panel were presented with the following four options:

- Roll forward incumbent - a short term option if you wanted to continue with your current auditor KPMG.
- Stand-alone tender - Tendering for your audit service as a stand-alone contract.
- Combined tender - Collaborative procurement with one or more other authorities.
- Sector led - Opting into national collaborative procurement which would be PSAA and had a deadline of 9<sup>th</sup> March 2017.

At the last meeting the Panel decided that if there were no penalties or undue difficulties that their recommendation would be to continue with KPMG for another year or two. The Panel thought that if they opted for this 'roll forward' option then there would be no need to appoint an independent panel. As this last point was unclear officers were tasked to clarify and if an independent audit panel had to be appointed then the item would come back to Panel.

The Chairman informed the Panel that the option to extend KPMG as the Council's external auditor for another year was attractive. This was because of the stability and postponement of disruption of new audit team and the retention of a first tier audit firm.

This option became more difficult after officers had sought legal advice and confirmed that the Council would have to appoint an independent auditor panel, even for an extension, and that there would be no guarantee that KPMG would be selected or that KPMG would tender. If KPMG were appointed there would also be no guarantee that the same audit team within KPMG would be allocated by KPMG.

It was noted that KPMG would remain as the Council's external auditors until March 2018.

Cllr E Wilson asked if there was a lock in period if we opted to use PSAA and was informed that there would be a five year contract.

Cllr Wilson also questioned what control or influence we would have over who PSAA would appoint and the Chairman informed that although they may choose not to appoint a first tier auditor such as KPMG that the auditors appointed would have to be qualified to undertake local authority work. Richard Bunn informed that he had spoken to PSAA and the indication was that they would allow us to comment on the potential auditors and that they would take into account our preference. However they could not guarantee the appointment of a specific audit firm.

Cllr Wilson asked if during the decision process we had contacted our neighbouring authorities to see what they were doing and was informed that PSAA predicted that 95% of authorities would accept their offer and that Reading and Slough Borough Council's were using PSAA.

Cllr Wilson reported that RBWM was a unique authority in that we were undertaking a huge delivering differently programme and were also undertaking a £1 billion regeneration programme. He recommended that we should seek assurances that whoever the auditors PSAA chose for us should be able to provide a quality service and not a run of the mill service.

The Chairman mentioned that for the reasons stated it should be made clear that the Audit Panel did not wish to see our auditors standards being lowered and that our preference would be to retain KPMG.

Cllr Wilson reported that PSAA should be able to appoint the right auditors based on RBWM's unique circumstances and thus provide us with a list of quality auditors best suited to our needs. The Chairman replied that PSAA would be looking at a small list of auditors who specialised in public sector audits and that it should be noted that our senior partner within KPMG was refreshed two years ago.

**Resolved unanimously: that the Audit and Performance Review Panel recommends to Council that PSAA be appointed as our preferred procurement route for the appointment of the auditors for the audit of the 2018/19 accounts.**

**That PSAA be informed that the Council expects that the appointed auditors be of the same standard and quality as our incumbent auditors with a preference to retain KPMG.**

Cllr Saunders thanked the Panel that they did not just role over and accept that the authority should automatically accepted PSAA as the preferred option and challenged the bureaucratic process imposed on local authorities.

The Chairman agreed that he would sign a letter to PSSA regarding the Council's expectations.

The meeting, which began at 7.30 pm, finished at 7.45 pm

CHAIRMAN.....

DATE.....