

Report Title:	Appointment of external auditors for 2018/19 accounts
Contains Confidential or Exempt Information?	NO - Part I
Member reporting:	Councillor Saunders, Lead Member for Finance
Meeting and Date:	Audit, Performance and Review Panel - 6 September 2017
Responsible Officer(s):	Russell O'Keefe, Executive Director & Robert Stubbs, Deputy Director and Head of Finance
Wards affected:	All

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REPORT SUMMARY

- 1 The report provides an update on the progress being made in appointing external auditors for the 2018/19 final accounts.
- 2 The Royal Borough of Windsor and Maidenhead opted into PSAA's auditor appointment arrangements.
- 3 The procurement exercise is now complete and a proposed allocation of auditor has been proposed by PSAA. Deloitte LLP was successful in winning a contract in the procurement, and the PSAA propose appointing this firm as the auditor of Royal Borough of Windsor and Maidenhead. The appointment will be for five years.
- 4 The Audit, Performance and Review Panel now has the opportunity to raise any objections to the appointment being made.

DETAILS OF RECOMMENDATION(S)

RECOMMENDATION: That Audit Performance and Review Panel notes the report and:

- i) **Delegates responsibility to the Deputy Director and Head of Finance to accept the proposal to appoint Deloitte LLP as the auditor of the Royal Borough of Windsor and Maidenhead.**

1 REASON(S) FOR RECOMMENDATION(S) AND OPTIONS CONSIDERED

- 1.1 The procurement process for the appointment of external auditors has now been completed by PSAA. A provisional allocation of external auditor has been made for the Royal Borough and an opportunity to raise any objection to the formal appointment by 22 September 2017.

2 KEY IMPLICATIONS

- 2.1 There are no implications for the audit of the 2017/18 accounts, this will be undertaken by the current auditors KPMG.

- 2.2 KPMG were unsuccessful in the procurement process and it is therefore necessary to secure the appointment of a new external auditor.
- 2.3 For audits of the accounts from 2018/19, 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. PSAA have proposed that Deloitte LLP are assigned to undertake the external audit of the Royal Borough's accounts from the 2018/19 financial year.
- 2.4 Deloitte LLP is a major professional services provider and has over 15,000 partners and professional staff in the UK, working with a majority of the FTSE 100 and many branches of government. Advisory work spans audit, accountancy, tax, corporate finance and consulting in multiple industries. The firm has a core team of partners and managers specialising in public sector audit that provides national coverage, and resources its public sector audits with staff involved in both public sector and corporate audits to give flexibility.
- 2.5 In developing this appointment proposal, PSAA have applied the following principles, balancing competing demands as much as possible, based on the information provided to them by audited bodies and audit firms:
- ensuring auditor independence, as required by Regulations;
 - meeting 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.
- 2.6 The PSAA are consulting on the proposed appointment of Deloitte LLP to audit the accounts of Royal Borough of Windsor and Maidenhead for five years from 2018/19. The consultation will close at 5pm on Friday 22 September 2017. If the Panel is content with the appointment then only email confirmation is required.
- 2.7 Should the Panel wish to raise an objection to the appointment then presentations can include matters that the Panel believe might be an impediment to the proposed firm's independence, were it to be RBWM's appointed auditor. The Panel's response should set out the reasons why it believes the proposed appointment should not be made. 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 – demonstration of a history of inadequate service from the proposed firm.
- 2.8 The PSAA will consider any representations and will respond to the Royal Borough by Monday 16 October 2017 by email. If the representations put forward are accepted there will be a consultation on an alternative auditor appointment between 16-27 October 2017. Should representations not be accepted, PSAA will write to confirm this.

At this point further representations to the PSAA Board, providing any additional information to support the Panel's case can be made.

- 2.9 The final decision of the PSAA Board will be confirmed to the Royal Borough before 21 December 2017.

3 FINANCIAL DETAILS / VALUE FOR MONEY

- 3.1 The PSAA will consult on scale fees for 2018/19 in due course and will publish confirmed scale fees for 2018/19 for opted-in bodies on its 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.
- 3.2 As the audit for the 2018/19 accounts will take place during the financial year 2019/20 any reduction to the fees will be reflected in the budget for 2019/20.

4 LEGAL IMPLICATIONS

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

5 RISK MANAGEMENT

- 5.1 None.

6 POTENTIAL IMPACTS

- 6.1 None.

7 TIMETABLE FOR IMPLEMENTATION

- 7.1 Deadlines for implementing the recommendations.

Table 5: Implementation timetable

Date	Details
22 September	Consultation ends – representations to be made to PSAA
16 October	PSAA responds to any representations
16-27 October	Alternative proposal for consultation
21 December	Final decision by PSAA Board

- 7.2 Implementation date if not called in: From 21 December 2017

8 APPENDICES

8.1 None

9 BACKGROUND DOCUMENTS

9.1 None.

10 CONSULTATION (MANDATORY)

Name of consultee	Post held	Date sent	Commented & returned
Councillor Saunders	Lead Member for Finance	29-8-17	29-8-17
Alison Alexander	Managing Director	29-8-17	
Russell O'Keefe	Executive Director	29-8-17	
Andy Jeffs	Executive Director	29-8-17	
Terry Baldwin	Head of HR	29-8-17	29-8-17
Mary Kilner	Head of Law and Governance	29-8-17	
Louisa Dean	Communications and Marketing Manager	29-8-17	29-8-17

REPORT HISTORY

Decision type: Non-key decision	Urgency item? No
Report Author: Robert Stubbs, Deputy Director and Head of Finance 01628 796222	