

Report to Audit Committee

Update on Audit Matters

Portfolio Holder: Cllr Abdul Jabbar MBE, Deputy Leader and Cabinet Member for Finance and Corporate Services

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Reason for Decision

This report sets out an update on the following:

- a) The exercise to recruit an Independent Chair to the Audit Committee.
- b) Progress on the preparation of a Tender for one provider for External Audit services for Housing Benefit Subsidy, Teachers Pension Agency, Unity Partnership Ltd and MioCare Group CIC.
- c) Proposed training for the Audit Committee.

Executive Summary

The recruitment exercise for an Independent Chair of the Audit Committee using the local Council website for advertising vacancies for the second time did not attract a suitable shortlist. It is planned to undertake a further recruitment exercise using alternative, cost effective, routes to market to see if it is possible to recruit an Independent Chair. There will be a cost associated with this.

At present there are three separate suppliers providing External Audit services to the 100% Council owned companies (Unity Partnership Ltd and MioCare Group CIC) and in relation to specific areas where certification of expenditure is required (Housing Benefit Subsidy and Teachers Pension Agency). The tender specification has been prepared and it is anticipated tenders will be invited before the end of the month.

The Chartered Institute of Public Finance and Accountancy has been approached to provide some training to Members. It is proposed this training be held at the meeting set for 20 January 2020.

Recommendations

Members note:

- a) the revised approach to recruit an Independent Chair ;
 - b) the progress made to appoint one External Auditor for wholly owned companies and to certify Housing Benefit Subsidy and Teachers Pension Agency Expenditure; and
 - c) the proposed training for this Committee at the January 2020 meeting.
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Update on Audit Matters**1 Background**

- 1.1 At present the Audit Committee is overseen by the Vice Chair who is appointed from elected members. The position of the Chair is reserved for an Independent Appointment. The previous attempt to make an appointment in this calendar year have not been successful.
- 1.2 There are three separate external auditors appointed by the Council in respect of the 100% owned companies and specific expenditure as detailed below:
 - MioCare Group CIC is audited by Grant Thornton LLP.
 - Unity Partnership Ltd is audited by Price Waterhouse Coopers LLP.
 - The Housing Benefit Subsidy Claim and the Teachers' Pension Agency return are audited by KPMG LLP.
- 1.3 The appointment of the External Auditors to the two group companies can continue indefinitely. However, the appointment of the Auditor for the specific expenditure ended at the end of 2018/19 financial year with the option to extend for a further year. The Council is proposing to use the end of this assignment to undertake a procurement for one External Auditor.
- 1.4 The 100% owned companies now use the Council systems to support the production of their accounts. As such it is now felt an appropriate time to appoint one External Auditor before the end of this financial year as they are effectively auditing similar systems.

2. Recruitment of Audit Committee Chair

- 2.1 The Council has approval to appoint an Independent Chair to the Audit Committee. The exercise to appoint this Chair undertaken in September using the My Council website (see Appendix 1 for the advertisement) has not been successful. In order to progress this matter, it is proposed that the Council considers alternative, cost effective routes to market to see if a suitable candidate can be sourced. The options to do this are currently being reviewed

3. Tender for External Audit Services

- 3.1 The Council is proposing with the support of procurement to undertake an exercise to tender for one External Audit provider for the 100% owned companies and specific expenditure requiring audit. It is planned that the invitation to tender will be sent out in November with the selection planned for January 2020, so the appointment can be made in February 2020.
- 3.2 The MioCare Group CIC has a financial year of 1 January to 31 December, so the new arrangements will commence for the financial year 2021. MioCare accounts will continue to be audited by the current auditor for the period ending 31 December 2019.

4. Training for Audit Committee Members

- 4.1 In order to provide training for Members the Council has approached the Chartered Institute of Public Finance and Accountancy so they can deliver their established
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training package for Audit Committee Members. It is proposed this training be provided in advance of the planned January meeting.

5. Way Forward

5.1 The Council:

- Recruits an Independent Chair to the Audit Committee via cost effective routes to market.
- Undertakes an exercise to appoint one external auditor to its 100% owned companies and grants requiring auditing.
- Provides a training course delivered by CIPFA for the Audit Committee.

6 Options/Alternatives

6.1 The Committee can support the proposals set out in this report or continue with the current arrangement.

7 Preferred Option

7.1 The Audit Committee supports the proposals set out in this report.

8 Consultation

8.1 N/A.

9 Financial Implications

9.1 The cost of external audit will be met by the 100% owned companies for their audit. The grant audit will be borne by the Council. The overall value of the audit is estimated to be over £60,000. It is anticipated appointing one external auditor will result in savings (Mark Stenson)

10 Legal Services Comments

10.1 N/A.

11 Cooperative Agenda

11.1 N/A.

12 Human Resources Comments

12.1 N/A.

13 Risk Assessments

13.1 N/A. (Jane Whyatt)

14 IT Implications

14.1 N/A.

15 **Property Implications**

15.1 N/A.

16 **Procurement Implications**

16.1 The process to select a preferred external auditor will be undertaken in accordance with the Council's Contract Procedure Rules.

17 **Environmental and Health & Safety Implications**

17.1 N/A.

18 **Equality, community cohesion and crime implications**

18.1 N/A.

19 **Equality Impact Assessment Completed?**

19.1 None.

20 **Key Decision**

20.1 N/A.

21 **Forward Plan Reference**

21.1 N/A.

22 **Background Papers**

22.1 The following is a list of background papers on which this report is based in accordance with the requirements of Section 100(1) of the Local Government Act 1972. It does not include documents which would disclose exempt or confidential information as defined by the Act:

File Ref:	Background papers are included as Appendices
Officer Name:	Mark Stenson
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23 **Appendices**

23.1 Appendix 1 Advert for Independent Chair
