

Hampshire Fire and Rescue Authority

Governance Committee

Item: 9

23 September 2011

Future of Local Audit

Report of the Treasurer

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1. Summary

- 1.1 This report updates the Committee on the department for Communities and Local Government (CLG) proposals for transferring the work of the Audit Commission's in-house audit practice to the private sector.

2. Recommendation

- 2.1 That changes in the procedures for appointing the Authority's external auditors (as summarised in paragraph 3.7 of this report) be noted.

3. Background Information

- 3.1 CLG has asked the Audit Commission to seek bids for the work currently undertaken by its in-house audit practice. New contracts will be awarded for three or five years, commencing from the audit of the accounts for 2012/13.
- 3.2 It is intended that the Audit Commission will award contracts in Spring 2012 to allow new auditor appointments to be in place by 1 September 2012.
- 3.3 As contracts will not be awarded until Spring 2012 auditors will not be appointed until after the start of the 2012/13 financial year. Because an auditor needs to be in place at the start of the financial year, an interim auditor appointment will be made to cover the period 1 April 2012 to 31 August 2012.
- 3.4 Hampshire Fire and Rescue Authority's current external audit provider would be retained to cover this interim period, although formal consultation on this arrangement has yet to be undertaken (by the end of 2011).
- 3.5 This interim role will be limited to providing a 'watching brief', with any costs incurred during this period met by the Audit Commission.
- 3.6 Following the procurement exercise the Audit Commission will appoint the Authority's new auditor, for the 2012/13 and future years' accounts, with effect from 1 September 2012. Hampshire Fire and Rescue Authority will

be consulted on this appointment following the award of contracts in Spring 2012.

3.7 Timetable

Period	Auditor Appointment	Comments
From 1 April 2011	Current auditor (Audit Commission's in-house audit practice)	<ul style="list-style-type: none"> • No change for audit of 2011/12 accounts.
1 April 2011 – 31 August 2012	Current auditor (Audit Commission's in-house audit practice)	<ul style="list-style-type: none"> • Interim appointment for 2012/13 financial year. No change – subject to consultation by end of 2011. • Role will be only a 'watching brief' with any costs borne by the Audit Commission
From 1 September 2012	New auditor (private sector firm)	<ul style="list-style-type: none"> • Change of auditor to a private sector firm – subject to consultation following award of contracts in Spring 2012. • Will audit the 2012/13 accounts (opinion on the financial statements and the annual Value for Money (VFM) conclusion) • Full year's scale fee payable by audited body. • Auditor responsible for audit of future year's accounts

4. Environment and sustainability impact assessment

4.1 Proposals have no environmental or sustainability impacts.

5. People impact assessment

5.1 The proposals in this report are considered compatible with the provisions of the European Convention on Human Rights, the Human Rights 1998 and the Race Relations (Amendment) Act 2000.

6. Resource implications

- 6.1 The cost of the external audit of the Authority's annual accounts is already provided for in the Authority's budget, however, the impact of the proposals on future fee levels is unknown at this stage.

Section 100 D - Local Government Act 1972 - background documents

The following documents disclose facts or matters on which this report, or an important part of it, is based and has been relied upon to a material extent in the preparation of this report:

- Future of local public audit – consultation, issued by the department for Communities and Local Government in March 2011

NB the list excludes: Published works and documents which disclose exempt or confidential information as defined in the Act.