



**HAMPSHIRE
FIRE AND
RESCUE
AUTHORITY**

Purpose: Decision

Date **15 SEPTEMBER 2017**

Title **EXTERNAL AUDIT RESULTS REPORT 2016/17**

Report of Treasurer

EXECUTIVE SUMMARY

1. Attached to this report, in Appendix 1, is the External Auditor's Audit Results report for the year ended 31 March 2017. It summarises the findings from the audit of the Authority's financial statements, and the work undertaken to assess arrangements in place to secure value for money in our use of resources.
2. The Auditor proposes to issue an unqualified audit report on the financial statements, and has concluded that we have proper arrangements for securing economy, efficiency, and effectiveness in the use of our resources.
3. This report also seeks the Committees endorsement to appoint Ernst and Young (EY) as its external auditor for a further five year period following a national procurement exercise undertaken by Public Sector Audit Appointments.

BACKGROUND

4. At the March 2017 meeting of this Committee, the Authority's External Audit Plan was presented, providing details of the work proposed for the audit of the financial statements for 2016/17. It explained that a Value for Money conclusion would be produced and detailed the criteria upon which this would be based.
5. The audit work is now substantially complete and the results are set out reported in the Audit results report, which is attached as Appendix 1.
6. The results once again are positive in that an unqualified opinion has been given on the accounts and EY have concluded that we have proper arrangements for securing economy, efficiency, and effectiveness in the use of our resources.

EXTERNAL AUDITOR APPOINTMENT

7. For many years, the Audit Commission appointed external auditors to public sector bodies, but following the closure of the Commission a national procurement exercise was undertaken to appoint private sector audit firms to undertake future audits.
8. As part of that previous process, Ernst and Young (EY) were appointed as the Authority's external auditors and they remain in place until the audit of the 2017/18 accounts is completed.
9. Replacement external auditors will therefore be required for the Authority from the 2018/19 accounts onwards (for a period of five years) and Hampshire therefore opted into a national procurement process being undertaken by Public Sector Audit Appointments Ltd (PSAA) on behalf of the sector.
10. The preliminary results of this exercise were notified to the Authority on 15 August and the proposal is to re-appoint EY as our auditors for a further five years. In overall terms, average savings of around 18% compared to the 2016/17 scale fees are anticipated, although this will vary from Authority to Authority.
11. As part of the process, PSAA are required to consult with Authorities on the proposed appointment and this Committee is therefore recommended to endorse the proposal to appoint EY as our external auditors, which will be reported back to PSAA before the formal appointments are made by them. We would then expect formal notification from them by December this year.

SUPPORTING OUR SERVICE PLAN AND PRIORITIES

12. Good financial management is essential to enable the Service to achieve its plans and priorities and the audit results report provides external confirmation around the quality and content of the final accounts and the overall financial resilience of the Authority.

CONSULTATION

13. No consultation is required for this report as it is based on historic information and is a purely factual document. The annual accounts will be audited by Ernst and Young and a separate report is presented elsewhere on this agenda.

RESOURCE IMPLICATIONS

14. There are no direct resource implications contained within this report, but appropriate financial resources have been made available to fund the estimated cost of the 2016/17 audit fee of £36,225.

LEGAL IMPLICATIONS

15. It is a legal requirement that the Statement of Accounts is approved by those charged with governance and is then independently signed off by external audit.

PEOPLE IMPACT ASSESSMENT

16. There are no direct impacts on people as a result of this report.

OPTIONS

17. This report deals with the audit results report from the external auditor, there are therefore no options for consideration in this report.

RISK ANALYSIS

18. Areas of risk are identified by the auditor as part of the planning process and examination of these areas form part of the formal audit and the results are reported in the attached Appendix.

CONCLUSION

19. The audit opinion and value for money conclusion are important elements in confirming that there is sound financial management within the Authority. The report from the auditors is positive and confirms that there are no material issues about which the Committee needs to be made aware.

RECOMMENDATION

20. That the Committee receives the External Auditor's HFRA Audit Results Report for 2016/17.
21. That the Committee endorses the proposal to appoint EY as our external auditors from the 2018/19 audit of accounts for a period of 5 years.

APPENDICES ATTACHED

Appendix 1 – External Audit Results Report 2016/17

BACKGROUND DOCUMENTS

Section 100 D - Local Government Act 1972 – background documents

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

Final Accounts Report – F&GP Committee 4 July 2016

NB: the list excludes Published works

Documents which disclose exempt or confidential information as defined in the Act:

None

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