

**TO: GOVERNANCE AND AUDIT COMMITTEE
30 JANUARY 2019**

**APPOINTMENT OF EXTERNAL AUDITOR FOR HOUSING BENEFIT ASSURANCE
PROCESS
DIRECTOR: FINANCE**

1 PURPOSE OF REPORT

- 1.1 To notify to the Committee of the appointment of the Council's external auditor Ernst & Young to audit the Housing Benefit grant claim for 2018/19.

2 RECOMMENDATION

- 2.1 **The Committee notes that Ernst & Young LLP has been appointed to undertake the required audit of the Housing Benefit Grant Claim for 2018/19.**

3 REASONS FOR RECOMMENDATION(S)

- 3.1 The Committee has previously agreed (January 2018) to recommend that the Council accepts the appointment of Ernst & Young LLP as its external auditor, which was the outcome of the PSAA collective procurement process that Bracknell Forest Council agreed to be part of. The PSAA process covered the main external audit only, meaning that individual authorities have had to make separate arrangements to secure the required external audit of their annual Housing Benefit grant claim.

4 ALTERNATIVE OPTIONS CONSIDERED

- 4.1 The alternative of seeking proposals from other organisations was considered and would have been taken had Ernst & Young, the Council's appointed external auditor, not provided a value for money proposal.

5 SUPPORTING INFORMATION

Background

- 5.1 At its meeting on 27 January 2017 the Committee agreed to recommend to Council that Bracknell Forest join the Public Sector Auditor Appointments collective procurement arrangement to appoint an External Auditor from the 2018/19 financial year. In October 2017 the PSAA wrote to Chief Executives and Chief Finance Officers to inform them of the preliminary results of their procurement process and invite any feedback around possible impediments to their draft conclusions. As it was notified that the process had concluded that Ernst and Young should be re-appointed as the Council's auditor, there was no reason to object, given that the relationship with the firm is a constructive one.
- 5.2 The terms of the PSAA procurement process covered only the core external audit and excluded any additional work, most notably the required annual audit of the Housing Benefit grant claim. The Director: Finance explained to members of the Committee that there were three broad options available to procure this external audit work:

- Seek a proposal from the Council's appointed auditor, Ernst & Young LLP

- Seek proposals from other suitably qualified accountancy firms (noting that only the major firms who currently undertake external audit work for local authorities would have the necessary expertise)
 - Work with neighbouring authorities to undertake a joint procurement
- 5.3 Members of the Committee gave a steer to the Director: Finance that he should start by seeking a proposal from Ernst & Young in order to assess whether it would represent value for money, recognising that this would be the least disruptive approach.
- 5.4 The Director: Finance subsequently asked Ernst & Young to submit a proposal while, in parallel, seeking the view of other Berkshire Treasurers around a possible joint procurement approach. It was confirmed that there was no appetite for the latter, with others having already made arrangements with their appointed external auditor or seeking to do so.
- 5.5 The proposal from Ernst & Young (included as confidential annex to the report on the grounds of commercial confidentiality) confirmed that they would seek a fee for the work of slightly lower than the current price (subject to the usual caveats). Having sought the views of staff involved in the audit, who confirmed that they were content with Ernst & Young's approach and quality of work, the Director: Finance has confirmed acceptance of the firm's proposal for 2018/19.
- 5.6 No commitment has been made beyond 2018/19, therefore if there is any deterioration on the quality of the work or unjustified increase in the price for the 2018/19 audit the Council can decide to seek proposals from other organisations for future years.

6 BOROUGH SOLICITOR'S COMMENTS

- 6.1 To be advised

7 BOROUGH TREASURER'S COMMENTS

- 7.1 The proposal in the report is expected to secure a small saving from the fee incurred in completing the work for the 2017/18 audit.

8 OTHER OFFICERS

- 8.1 Not applicable

9 EQUALITIES IMPACT ASSESSMENT

- 9.1 Not applicable

10 STRATEGIC RISK MANAGEMENT ISSUES

- 10.1 None

11 PRINCIPAL GROUPS CONSULTED

- 11.1 Not applicable

12 BACKGROUND PAPERS

- 12.1 HB Assurance Process Proposal – Ernst & Young (Confidential)

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CONTACT FOR FURTHER INFORMATION

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