

BOROUGH OF KETTERING

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Report Originator	Ernst & Young LLP (EY)	Forward Plan Ref: N/A	
Wards Affected	All	21 st May 2019	
Title	EXTERNAL AUDIT UPDATE		

1. PURPOSE OF REPORT

To provide an update on the timing of the 2018/19 final accounts audit.

2. INFORMATION

- 2.1 The Government moved the responsibility for the external audit contracts to Public Sector Audit Appointments (PSAA), following the disbandment of the Audit Commission This meant that authorities would have to either undertake their own procurement or to opt in to a national procurement process known as the appointed person regime.
- 2.2 The Local Audit and Accountability Act 2014 requires authorities to either opt in to the appointing person regime or to establish an auditor panel and conduct their own procurement exercise. This was reported to the Full Council meeting on 14th December 2016 and it was agreed that the Council opt in to the appointing person arrangements made by PSAA for the appointment of external auditors from 2018/19.
- 2.3 The Council following PSAA's national procurement process were formally notified that the Council's appointed external auditors are Ernst & Young LLP (EY) who will audit the accounts of Kettering Borough Council for five years from 2018/19. The appointment started from 1st April 2018.
- 2.4 In order to comply with the statutory requirements of the Accounts & Audit Regulations 2015, the Responsible Financial Officer is required to sign the Statement of Accounts by 31st May each year. The Council remain on target to achieve this for the 2018/19 accounts.
- 2.5 The Council's governance arrangements require this Committee to receive and approve the Statement of Accounts, following the completion of the external audit by 31st July each year.
- 2.6 Following discussions with the Council's external auditors a letter was received from EY (copy attached at **Appendix A**) advising the Council that they are experiencing staff turnover and challenges in recruiting new staff, which affect the audit timetable for the 2018/19 audit.

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- 2.7 EY have proposed that the audit will take place during August and September 2019 and are working with officers to agree a revised and detailed delivery and reporting timetable.
- 2.8 The priority for EY is to ensure a high quality audit is undertaken and this is key in ensuring their responsibilities are met in issuing the correct audit opinion. Whilst alternative options have been considered – unfortunately no practical alternative options are available other than delaying the audit to August / September 2019.
- 2.9 This issue is not unique to this Council, all the Northamptonshire authorities are affected as are a number of their other clients who are expecting their audits to be delayed as a result of their resourcing issues.
- 2.10 EY have indicated that they will be in a position to provide their findings and conclusions on Value For Money and this will be reported to the July meeting of this Committee, the formal approval of the accounts will however require a separate meeting and this will need to be arranged for September – following agreement of the revised detailed delivery and reporting timetable.
- 2.11 Annually the Public Sector Audit Appointments (PSAA) publish details of authorities who have not met the 31st July date for publishing their audited accounts. The PSAA have said they will ensure that in any report they issue the reasons for the delays will be clearly explained.
- 2.12 Neil Harris – Associate Partner at EY will be attending the meeting to address any questions, members may have with regard to the delayed 2018/19 final accounts audit.

3. RECOMMENDATION

- 3.1 That the Monitoring & Audit Committee notes the delayed timeframe for the audit of the 2018/19 Statement of Accounts.