

ROYAL BERKSHIRE FIRE AUTHORITY



COMMITTEE	AUDIT & GOVERNANCE COMMITTEE
DATE OF MEETING	30 JULY 2020
SUBJECT	EXTERNAL AUDIT UPDATE
LEAD OFFICER	CONOR BYRNE, HEAD OF FINANCE AND PROCUREMENT
LEAD MEMBER	N/A
EXEMPT INFORMATION	N/A
ACTION	FOR NOTE AND AGREE

1. EXECUTIVE SUMMARY

- 1.1 EY will provide an update to the Committee in relation to their audit work on the 2019/20 Statement of Accounts and set out the reasons for their proposed audit fee increase for 2019/20.

2. RECOMMENDATIONS

That the Committee:

- 2.1 **NOTE** the update from the External Auditor;
- 2.2 **AGREE** that the Chair of the Audit and Governance Committee writes to EY on behalf of the Committee to explain why the Authority opposes the proposed fee increase.

3. REPORT

- 3.1 EY's Audit Planning Report is attached as an **Appendix**. The report sets out EY's strategy for the audit of the Authority's 2019/20 financial statements.
- 3.2 Areas of initial risk identification for the upcoming audit have been set out in the report together with materiality levels and a timeline for completing the audit which will allow the accounts to be brought for approval to the September meeting of this Committee.

- 3.3 Appendix A of the Audit Planning Report sets out fees for the 2019/20 audit. The scale fee for this year's audit is £26,180 which is the fee set by Public Sector Audit Appointments (PSAA).
- 3.4 EY's position is that the scale fee is insufficient to allow them to satisfactorily audit our accounts. They are, therefore, asking PSAA to review the basis on which the scale fee was set.
- 3.5 EY believes that the fee should increase from £26,180 to £49,907 based on a number of factors. For example, EY points to the increasing complexity of the sector with the growth of commercialisation, speculative ventures and investments, although it should be noted that none of this applies to this Authority. Furthermore, the increase in our audit fee would be used to fund EY's investment over a five to ten year period to train and develop a specialist team of audit staff which would not appear to be an appropriate use of public money.
- 3.6 Therefore, Officers do not believe that this increase is justified. This position is reinforced by a comparison of the proposed EY audit fee increase with increases being proposed for other fire authorities by another firm which are in the region of 20% compared to EY's proposed increase of 91%.

4. CONTRIBUTION TO STRATEGIC COMMITMENTS

- 4.1 Commitment 5 – We will ensure that Royal Berkshire Fire and Rescue Service provides good value for money.

5. FINANCIAL IMPLICATIONS

- 5.1 The budget for auditing the 2019/20 Statement of Accounts is only sufficient to cover the scale fee as set by PSAA. Any increases above the scale fee will require cuts to spending in other areas of the organisation.

6. LEGAL IMPLICATIONS

- 6.1 Complies with the Local Audit (Appointing Person) Regulations 2015.

7. EQUALITY AND DIVERSITY IMPLICATIONS

- 7.1 None.

8. RISK IMPLICATIONS

- 8.1 Financial risks are identified and mitigations and controls are tested by the external auditors.

9. CONSISTENCY WITH DUTY TO COLLABORATE

9.1 The Authority opted into the national procurement exercise run by PSAA to appoint its external auditors.

10. PRINCIPAL CONSULTATION

10.1 The Chief Fire Officer has noted the contents of the report.

10.2 The Monitoring Officer has been consulted.

11. BACKGROUND PAPERS

11.1 None.

12. APPENDICES

12.1 Audit Planning Report (Appendix A)

13. CONTACT DETAILS

13.1 Conor Byrne - Head of Finance and Procurement
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