

## **Appointment of External Auditors**

<b>Final Decision-Maker</b>	Cobtree Manor Estate Trust Committee
<b>Lead Head of Service</b>	Director of Finance & Business Improvement
<b>Lead Officer and Report Author</b>	Paul Holland, Senior Finance Manager – Client Accountancy
<b>Classification</b>	Public
<b>Wards affected</b>	Boxley

### **Executive Summary**

The appointment of the current auditors to the Trust (UHY Hacker Young) has now expired, and this report seeks approval for their reappointment for a further 2 year term.

### **This report makes the following recommendations to this Committee:**

1. That UHY Hacker Young are appointed external auditors to the Charity for the financial years 2017/18 and 2018/19.

### **Timetable**

<b>Meeting</b>	<b>Date</b>
Cobtree Manor Estate Trust Committee	25 <sup>th</sup> January 2018

# Appointment of External Auditors

## 1. INTRODUCTION AND BACKGROUND

- 1.1 External audit services are currently provided by a local company, UHY Hacker Young, who were previously appointed for a 2 year term covering the financial years 2015/16 and 2016/17.
  - 1.2 The Charity follows Maidstone Borough Council's contracts procedures rules, and these specify that for contracts of a value of £10,000 or less at least one written quote must be obtained. For 2016/17 the cost of the audit will be £4,995 plus VAT. UHY Hacker Young were asked to provide a quote, and they have responded with a figure of £5,130 plus VAT for 2017/18, and £5,280 plus VAT for 2018/19 which represents inflationary increases of around 2.7%.
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## 2. AVAILABLE OPTIONS

- 2.1 Under the current statutory audit thresholds for charities there is no requirement for an external audit, an independent examination would suffice. This is a simpler form of scrutiny than an audit but it would still provide an assurance that the accounts have been the subject of an independent review. However the Charity has previously taken the decision that it would like an external audit to be undertaken.
  - 2.2 The Charity could choose to ask for more than one quote for the external audit service and possibly appoint a different auditor.
  - 2.3 The Charity could appoint UHY Hacker Young as external auditor for 2017/18 and 2018/19.
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## 3. PREFERRED OPTION AND REASONS FOR RECOMMENDATIONS

- 3.1 It is recommended that UHY Hacker Young are appointed as external auditors to the Charity for 2017/18 and 2018/19. The nature of the Charity and its relationship with the Council means that the financial transactions and arrangements are somewhat complex, and as UHY Hacker Young have now developed an understanding of this it would seem appropriate to continue to use them. They have also developed a good working relationship with Council officers. Any new auditors would have to develop their own understanding of the Charity and develop new working relationships with officers.
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#### **4. RISK**

- 4.1 It is considered good financial practice for an external audit to be undertaken.
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#### **5. CONSULTATION RESULTS AND PREVIOUS COMMITTEE FEEDBACK**

- 5.1 Not applicable.
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#### **6. NEXT STEPS: COMMUNICATION AND IMPLEMENTATION OF THE DECISION**

- 6.1 If the recommendation is agreed UHY Hacker Young will be formally requested to provide external audit services for 2017/18 and 2018/19.
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#### **7. CROSS-CUTTING ISSUES AND IMPLICATIONS**

<b>Issue</b>	<b>Implications</b>	<b>Sign-off</b>
<b>Impact on Corporate Priorities</b>	None	
<b>Risk Management</b>	It is considered good financial practice for an external audit to be undertaken.	Paul Holland – Senior Finance Manager (Client)
<b>Financial</b>	The costs of the audit are detailed in the report.	Paul Holland – Senior Finance Manager (Client)
<b>Staffing</b>	None	
<b>Legal</b>	There is no statutory requirement for an external audit, but the Charity has previously decided that it would like one to be undertaken.	Keith Trowell, Interim Team Leader (Corporate Governance)
<b>Privacy and Data Protection</b>	None	
<b>Equalities</b>	None	
<b>Crime and Disorder</b>	None	
<b>Procurement</b>	None	

## **8. REPORT APPENDICES**

- None
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## **9. BACKGROUND PAPERS**

None.