



INTRODUCTION TO EXTERNAL AUDITORS - MAZARS

AUDIT COMMITTEE MEETING DATE	CLASSIFICATION:
2018/19	Open
15 October 2018	

WARD(S) AFFECTED

All Wards

Ian Williams, Group Director Finance and Corporate Resources

1. INTRODUCTION AND PURPOSE

- 1.1 This report introduces a presentation by Mazars – the Council’s new external auditors with effect 2018/19 financial year, following the recent procurement exercise by Public Sector Audit Appointments (PSAA).
- 1.2 Lucy Nutley, Director at Mazars, will attend the Audit Committee meeting to present the report and to respond to questions from Members

2. RECOMMENDATION

Audit Committee is recommended:

- 2.1 To note the contents of the presentation by Mazars.

3. REASONS FOR DECISION

- 3.1 Following the recent procurement exercise by PSAA, Mazars were appointed the Council’s external auditors with effect from the 2018/19 financial year. As such, they will be responsible for delivering the audit of the Council’s annual Statement of Accounts, the annual Pension Fund Accounts and the annual Value for Money (VFM) conclusion, along with the audit of any grant and other returns that fall under the PSAA contract terms.
- 3.2 In addition, under separate terms, we have also appointed Mazar’s as the auditor of the Council’s Housing Benefit claim.
- 3.3 This presentation offers members of the Audit Committee the opportunity to meet with a Director from the audit company, Mazars, in order that they can gain an appreciation of the basis on which it is envisaged our working relationship will be based.

4. BACKGROUND

- 4.1 KPMG have been the Council’s external auditor since 2012/13 financial year following the demise of the Audit Commission.
- 4.2 These original contracts have now reached their end and LB Hackney agreed to join a national procurement exercise via PSAA. As a result of that exercise, Mazars were awarded a number of audits, including that for this Council, with effect from 2018/19 financial year.

4.2 Policy Context

Audit Committee were previously consulted and agreed to join the national procurement exercise and therefore PSAA were deemed to be those responsible for the appointment of the Council’s external auditor.

4.3 Equality Impact Assessment

For the purposes of this report, an Equality Impact Assessment is not applicable.

4.4 Sustainability

This report contains no new impacts on the physical and social environment.

4.5 Consultations

The Audit Committee were previously consulted on the options re the appointment of our external auditors. Following the procurement exercise by PSAA, officers were then consulted prior to the engagement of Mazars as external auditors to the Council

4.6 Risk Assessment

This is considered to be a low risk appointment.

5. INTRODUCTION TO MAZARS

5.1 As stated earlier in the report, Mazars have been appointed as the Council's external auditors with effect from 2018/19 financial year and will be responsible for delivering the audit of the Council's annual accounts, The Pension Fund accounts and the VFM conclusion.

5.2 Initial introductory meetings have been held between officers of the Council and representatives from Mazars who will be engaged on the Council's audit. To date, they have meetings have been held with the Chief Executive, the Group Director of Finance and Corporate Services, the Director Financial Management and the Chief Accountant.

5.3 The meeting with the Director Financial Management and Chief Accountant was held on Thursday 4th October and started the audit planning process in respect of the 2018/19 financial year. The meeting was very constructive and a useful introduction to what we hope will be a successful working relationship going forward.

5.4 Lucy Nutley, the Directors at Mazars responsible for the audit at Hackney, will be attending the Audit Committee to introduce Mazars to Members of the Audit Committee. The presentation at Appendix 1 of this report has been provided by Mazars and will form the basis of the session with members.

6. COMMENTS OF THE GROUP DIRECTOR, FINANCE AND CORPORATE RESOURCES

6.1 It is pleasing to note that we have started to engage with the new external auditors and already started the planning of the audit of the Accounts. The meetings held to date have been constructive and started to forge an important working relationship between officers of the Council and the auditors.

7. COMMENTS OF THE DIRECTOR, LEGAL

7.1 As set out in this report, Mazars were appointed as the Council's external auditors via a procurement process carried out by the PSAA, following the agreement of Audit Committee to engage in that process.

- 7.2 Mazars will in due course present their audit plan and other relevant documents to Audit Committee, this being the body within the Council “charged with governance” in respect of the audit of the Statement of Accounts. As such they will also receive the ISA260 Audit Report following the audit of the accounts each year and prior to the issuance of the related audit opinion.

APPENDICES

Appendix 1 - Presentation from Mazars – Working With the London Borough of Hackney

BACKGROUND PAPERS

None

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