

For Publication

Bedfordshire Fire and Rescue Authority
Audit and Standards Committee
2 March 2023

SUBJECT: ERNST & YOUNG QUALITY ASSURANCE PROCESSES

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Implications

This table provides a short statement of the impact of the recommendations in this report and/or a reference to the relevant paragraph/s in the report.

Will this report affect any of the following?

	Yes / No	Impact / Reference
Financial Implications	No	
Risk Management	No	
Legal Implications	No	
Privacy and Security Implications	No	
Duty to Collaborate	No	
Health and Safety Implications	No	
Equality, Diversity and Inclusion	No	

Environmental Sustainability	No	
Consultation and Communication	No	

PURPOSE:

That Members consider the effectiveness of the quality assurance processes in place for the Fire and Rescue Authority’s External Audit arrangements.

RECOMMENDATION:

For the Audit and Standards Committee to consider the report and confirm the effectiveness of the quality assurance processes of the Fire and Rescue Authority’s external auditors Ernst and Young.

1. Executive Summary

- 1.1 The Local Audit and Accountability Act 2014 set out the arrangements following closure of the Audit Commission including the transitional arrangements.
- 1.2 A transitional body (Public Sector Audit Appointments Limited, or ‘PSAA’), established by the LGA, oversaw the contracts in the intervening period and was specified by the Secretary of State to be the ‘appointing person’ to appoint a local auditor to audit the accounts of those authorities that ‘opted in’ to the national scheme run by PSAA.
- 1.3 The Service, along with over 98% of other eligible public bodies, decided to opt in to the national scheme for the appointment of auditors run by PSAA as the approved sector led body specified by the Secretary of State to act as the Appointing Person on behalf of opted-in authorities.
- 1.4 The PSAA carries out extensive screening of the potential contracted Auditors, which gives us a high level of assurance that E&Y are able to carry out the work effectively and will remain compliant with the relevant statute and regulations.

2. Background

- 2.1 At the Audit and Standards Committee meeting on 6 December 2018, it was requested that a report be presented at a future meeting to consider the effectiveness of the Authority's external auditor's quality assurance processes. This was following a similar report on Internal Audit and given the significant concerns raised nationally about the big four auditing firms in the United Kingdom.

A report was presented to the Audit and Standards Committee on 14 March 2019.

- 2.2 In 2016, the Authority opted to participate in the Public Sector Audit Appointments (PSAA) arrangements for the provision of external audit. This would be with effect for the audit of 2018/19 accounts onwards. The Authority's external auditors at the time were Ernst & Young (E&Y) and prior to this the Audit Commission.

The PSAA national scheme for external auditor appointments concluded in 2017, with the continuation for the Authority of E&Y for the accounting periods 2018/19 to 2022/23.

At the FRA meeting on 11 January 2022 it was agreed that the Authority accepted the invitation from PSAA to opt into the sector-led option for the appointment of external auditors to principal local government and police bodies for five financial years from 1 April 2023.

Under the PSAA scheme, it avoids certain actions for the Authority including:

- Monitoring the independence of the appointed auditor for the duration of the appointment,
- Dealing with the replacement of the auditor if required; and
- Managing the contract with the auditor.

PSAA will also monitor the ongoing independence of external auditors and ensure adherence to the Local Audit and Accountability Act 2014, the National Audit Office's 2015 Code of Audit Practice and the Statement of Responsibilities issued by PSAA.

3. External Audit Services

- 3.1 E&Y attend all Audit and Standards Committee meetings where Members can review when presented, the Audit Strategy, Progress and Annual reports. This provides the Authority the opportunity to ask questions, challenge reports and request clarification to provide greater transparency.

E&Y will annually provide an opinion on whether the Authority's financial statements give a true and fair view of the Authority's financial position as at 31 March and the income and expenditure for that year ended. E&Y will also provide a conclusion on the Authority's arrangements to secure economy, efficiency and effectiveness.

- 3.2 The Assistant Chief Officer as Treasurer, regularly meets with the Authority's Engagement Partner Neil Harris, Associate Partner at E&Y.

4. Ernst and Young Transparency Report

- 4.1 In 2021 Ernst and Young Published a Transparency report. The document provides a comprehensive overview of the quality assurance processes across the firm.
- 4.2 For information on the full Transparency report 2021, click on the link: [EY UK 2021 Transparency Report | EY UK](#)

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