

## **Appointment of External Auditors**

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| <b>Final Decision-Maker</b>           | Cobtree Manor Estate Charity Committee                       |
| <b>Lead Head of Service</b>           | Head of Regeneration & Economic Development<br>– John Foster |
| <b>Lead Officer and Report Author</b> | Paul Holland, Senior Finance Manager (Client)                |
| <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.

### **Purpose of Report**

To appoint external auditors for the Trust.

### **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 2019/20 and 2020/21.

### **Timetable**

| <b>Meeting</b>                         | <b>Date</b>     |
|--|-----------------|
| Cobtree Manor Estate Charity Committee | 6 November 2019 |

# Appointment of External Auditors

## 1. CROSS-CUTTING ISSUES AND IMPLICATIONS

| Issue                                 | Implications  | Sign-off  |
|---------------------------------------|---|---|
| <b>Impact on Corporate Priorities</b> | The operation of the Estate directly supports the objects of the Trust as set out when the Council became the Corporate Trustee   | Head of Regeneration & Economic Development                 |
| <b>Cross Cutting Objectives</b>       | The operation of the Estate supports the Council's strategic objective to ensure there are good leisure and cultural attractions in the Borough.  | Head of Regeneration & Economic Development                 |
| <b>Risk Management</b>                | There is a potential reputational risk if the annual accounts are not prepared correctly and in accordance with recommended best practice.  | Leisure Manager   |
| <b>Financial</b>                      | There is a financial risk to the Trust if the operations cost more than predicted or fail to generate sufficient income to cover the costs of running the estate.   | Senior Finance Manager (Client)                             |
| <b>Staffing</b>                       | There are no additional implications arising from this report.  | Leisure Manager   |
| <b>Legal</b>                          | <p>Under the Council's Constitution the Committee as Corporate Trustee is responsible for all matters relating to the Charity with the exception of daily management.</p> <p>Law applicable to charities in England and Wales requires the trustee to prepare financial statements for each financial year which give a true and fair view of the Charity's financial activities during the year and of its financial position at the end of the year. Whilst there is no statutory requirement for an external audit, the Charity has previously decided that external auditing should be undertaken.</p> <p>There are no further implications arising from this report.</p> | Team Leader (Corporate Governance), Mid Kent Legal Services |
| <b>Privacy and Data Protection</b>    | There are no specific privacy or data protection issues to address.   | Team Leader (Corporate Governance), Mid Kent Legal Services |

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|---------------------------|--|--|
| <b>Equalities</b>         | There are no additional implications arising from this report. | Anna Collier<br>Policy and<br>Information<br>Manager |
| <b>Public Health</b>      | There are no additional implications arising from this report. | Public Health<br>Officer                             |
| <b>Crime and Disorder</b> | There are no additional implications arising from this report. | Head of<br>Regeneration<br>& Economic<br>Development |
| <b>Procurement</b>        | There are no additional implications arising from this report. | Head of<br>Regeneration<br>& Economic<br>Development |

## **2. INTRODUCTION AND BACKGROUND**

- 2.1 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 2017/18 and 2018/19.
- 2.2 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 2018/19 the cost of the audit will be £5,280 plus VAT. UHY Hacker Young were asked to provide a quote, and they have responded with a figure of £5,410 plus VAT for 2019/20, and £5,545 plus VAT for 2020/21 which represents inflationary increases of around 2.5%.

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## **3. AVAILABLE OPTIONS**

- 3.1 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.
- 3.2 The Charity could choose to ask for more than one quote for the external audit service and possibly appoint a different auditor.
- 3.3 The Charity could appoint UHY Hacker Young as external auditor for 2019/20 and 2020/21.
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#### **4. PREFERRED OPTION AND REASONS FOR RECOMMENDATION**

- 4.1 It is recommended that UHY Hacker Young are appointed as external auditors to the Charity for 2019/20 and 2020/21. 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 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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#### **5. NEXT STEPS: COMMUNICATION AND IMPLEMENTATION OF THE DECISION**

- 5.1 If the recommendation is agreed UHY Hacker Young will be formally requested to provide external audit services for 2019/20 and 2020/21.
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#### **6. REPORT APPENDICES**

None.

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#### **7. BACKGROUND PAPERS**

None.