

SOCIETY OF WELSH TREASURERS

FAO James Ferris – Financial Reporting Council

Dear James,

I write to you in my capacity as Chair of the Society of Welsh Treasurers for Local Government in Wales.

Treasurers have recently been made aware of changes being proposed by the Financial Reporting Council as part of their consultation on a new draft ethical standard.

Specifically within this consultation are proposals to ban secondments between audit firms and their audited bodies. We strongly feel as Local Government that it would be a retrograde step to prohibit secondments for very junior trainees and apprentices not involved in management decision making as we believe the benefits of such secondments far outweigh any perceived risks or conflict of interest issues.

In discussing this with fellow Treasurers, it is clear that the current secondment / trainee arrangements:

- are benefiting both the Auditor and Audited Body. The gain a student can have from understanding the functions and activities of the Audited Body in more detail allows the development of the trainee knowledge base to significantly up skill them with a better understanding of the work to be undertaken.
- presents opportunities for cross fertilisation of ideas and experiences within a learning environment and in an era of restricted training opportunities particularly in Councils, it assists in ensuring we have a vibrant talent pool across our organisations.
- has helped create a culture of trust and mutual respect across professional teams.

Secondment / Trainee opportunities within Local Government settings are managed well to avoid any risks or conflicts of interest. A key overriding principle is secondees/ trainees are not involved in decision making or authorisation processes. Work experience and duties are carefully managed to mitigate any risks and close dialogue with Auditor bodies are maintained throughout the term of all arrangements.

Finally, it is perhaps appropriate to note that as an SWT and therefore as the body representing statutory finance officers within Councils in Wales, we operate within a strict ethical framework ourselves which would never seek to compromise the independence of the auditor and we always engage secondment/ trainees through the existing scheme with that in mind.

I hope this note clearly sets out our support to continue with the current secondment / trainee arrangements we have in place and would request that this is added as feedback to the consultation from Welsh Treasurers.

Thanks

Chris Lee

Cyfarwyddwr Corfforaethol Adnoddau / **Corporate Director Resources**