

REPORT TO: Business Efficiency Board

DATE: 26 September 2012

REPORTING OFFICER: Operational Director – Finance

PORTFOLIO: Resources

SUBJECT: Appointment of External Auditor

WARD(S): Borough-wide

1.0 PURPOSE OF REPORT

1.1 The Board has previously been informed about the Department for Communities and Local Government (DCLG) ministerial decision to transfer the work of the Audit Commission's in-house Audit Practice to the private sector by outsourcing the work through a procurement exercise. This report provides the Board with confirmation of the appointment of the new external auditor.

2.0 RECOMMENDATION: That the Board notes that Grant Thornton UK LLP has been appointed as external auditor to audit the accounts of the Council for five years from 2012/13.

3.0 SUPPORTING INFORMATION

3.1 On 16 April the Audit Commission wrote to the Council to consult about the proposal to appoint Grant Thornton UK LLP as external auditor to the Council. The consultation period has now ended and the Audit Commission has confirmed the appointment in a letter to the Council dated 31 July 2012 (see attached).

3.2 The new appointment commences 1 September 2012 and is for a period of five years. At the end of that period the Council will be able to make the appointment of external auditor itself.

3.3 The Audit Commission is currently updating auditors' statutory terms of appointment, which specify the Commission's regulatory requirements. The Council will receive more information on the terms of appointment and auditor performance standards during September.

3.4 The audit of the 2011/12 financial statements has been completed by the Council's existing external auditor (the Audit Practice of the Audit Commission). Any work relating to the 2011/12 audit and prior years' audits that remains outstanding at 31 October 2012 will be completed by the new external auditor.

4.0 POLICY, FINANCIAL AND OTHER IMPLICATIONS

4.1 The 'Future of Local Public Audit' consultation document set out four design principles for the new framework for local public audit. One of those principles was to achieve a reduction in the overall cost of audit. The fee for the audit of the 2012/13 financial statements will be £139,322. The proposed fee for the 2011/12 audit was £232,204.

4.2 There are no policy implications.

5.0 IMPLICATIONS FOR THE COUNCIL'S PRIORITIES

5.1 There are no direct implications.

6.0 RISK ANALYSIS

6.1 This report is for information only. There are no risks arising from it.

7.0 EQUALITY AND DIVERSITY ISSUES

7.1 None.

8.0 LIST OF BACKGROUND PAPERS UNDER SECTION 100D OF THE LOCAL GOVERNMENT ACT 1972

Document	Place of Inspection	Contact
Future of Local Public Audit Consultation	Audit Commission website	Merv Murphy