

Bath & North East Somerset Council

MEETING:	Corporate Audit Committee	
MEETING DATE:	15th May 2012	AGENDA ITEM NUMBER
TITLE:	Appointment of External Auditor	EXECUTIVE FORWARD PLAN REFERENCE: E
AN OPEN PUBLIC ITEM		
List of attachments to this report:		
Appendix 1 – Audit Commission Letter - Appointment of new External Auditor		
Appendix 2 – Audit Commission Letter - Appointment of Interim Auditor		

1 THE ISSUE

1.1 Following the recent national procurement exercise managed by the Audit Commission the Audit Committee is requested to recommend the appointment of a new External Auditor from the 1st of September 2012. In addition the Committee is asked to note the appointment of an interim external auditor for part of 2012/13

2 RECOMMENDATION

2.1 The Corporate Audit Committee is asked to–

a) Recommend the appointment of Grant Thornton on a five year contract as the Council's new External Auditor as from the 1st of September 2012;

b) Note the appointment of the Audit Commission as interim auditor for the period 1st of April 2012 to 31st August 2012.

3 FINANCIAL IMPLICATIONS

3.1 The letting of five year contracts for external auditors is estimated to result in annual savings of up to £100,000 in relation to audit fees. These fees are still to be formally confirmed so are only an estimate at this stage.

4 THE REPORT

4.1 This report and Appendix 1 are part of the consultative process in relation to the appointment of Grant Thornton UK LLP to audit the accounts of Bath and North

East Somerset Council for five years from 2012/13. The appointment would commence on 1 September 2012 and there is the potential to extend this arrangement by a further 3 years.

- 4.2 The Audit Commission has completed the procurement to outsource the work of its in-house Audit Practice. Grant Thornton was successful in winning the contract covering the South West area which includes Bath & North East Somerset. The Commission has a statutory duty to appoint external auditors to local government and NHS bodies under Section 3 of the Audit Commission Act 1998 and a duty to consult local government bodies on the appointment.
- 4.3 This report therefore formally requests the views of the Committee in making the appointment decision.
- 4.4 At present it appears as if substantial fee reductions have been achieved in relation to the Audit of the Accounts, Grant Certification work and the Audit of the Pension Fund. These savings are estimated to be in excess of 30% from the current fees charged by the Audit Commission and will be finalised when we have more detailed information.
- 4.5 It will clearly be important for the committee to understand in more detail from the new auditors how quality will be maintained under this new fee structure and any further implications for the Council.
- 4.6 In addition Appendix 2 outlines the appointment of the Audit Commission as interim auditor for the period of 1st April 2012 to 31st August 2012 and the basis of this appointment.
- 4.7 The Committee is asked in both cases to recommend the appointments.

5 RISK MANAGEMENT

- 5.1 A proportionate risk assessment has been carried out in relation to the Council's risk management guidance. There are no new significant risks or issues to report to the Committee as a result of this report.

6. EQUALITIES

- 6.1 A proportionate equalities impact assessment has been carried out using corporate guidelines, no significant issues to report.

7 CONSULTATION

- 7.1 Consultation has been carried out with the Section 151 Finance Officer.

Contact person	Jeff Wring (01225 47323)
Background papers	None
Please contact the report author if you need to access this report in an alternative format	