



AUDIT COMMITTEE

29TH AUGUST 2017

AGENDA ITEM (12)

APPOINTMENT OF EXTERNAL AUDITOR

Accountable Members	Audit Committee
Accountable Officer	Jenny Poole Chief Finance Officer 01285 623313 jenny.poole@cotswold.gov.uk

Purpose of Report	To update the Audit Committee on the proposed award of the contract for external audit provision from 2018/19.
Recommendation(s)	That the proposed External Auditor appointment be noted.
Reason(s) for Recommendation(s)	To keep the Committee updated

Ward(s) Affected	Not applicable
Key Decision	No
Recommendation to Council	No

Financial Implications	The new contract is expected to deliver savings to the Council of around 18%.
Legal and Human Rights Implications	None
Environmental and Sustainability Implications	None
Human Resource Implications	None
Key Risks	None
Equalities Analysis	Not required

Related Decisions	Council - 13 th December 2016 - Appointment of External Auditors
Background Documents	None

Appendices	None
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Performance Management Follow Up	Performance of the contract will be monitored via PSAA. In addition, in order to meet its obligations, the External Auditor will also report directly to the Audit Committee and the Council.
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Background Information

1. For audits of the accounts from 2018/19, Public Sector Audit Appointments (PSAA) is responsible for appointing an auditor to principal local government and Police bodies that have chosen to opt into the national auditor appointment arrangements. This Council has opted into PSAA's auditor appointment arrangements.
2. The procurement to let audit contracts was completed in June 2017. Grant Thornton (UK) LLP was successful in winning a contract in the procurement, and PSAA proposes to appoint this firm as the auditor of the Council. The Council is now being consulted on this appointment which will be for a five-year period from 2018/19.
3. In developing the appointment proposal, PSAA applied the following principles, balancing competing demands as much as possible, based on the information provided by audited bodies and audit firms:-
 - ensuring auditor independence, as required by the Regulations;
 - meeting commitments to the firms under the audit contracts;
 - accommodating joint/shared working arrangements where these are relevant to the auditor's responsibilities;
 - ensuring a balanced mix of authority types for each firm;
 - taking account of each firm's principal locations;
 - providing continuity of audit firm if possible, but avoiding long appointments.
4. The PSAA Board will consider all proposed auditor appointments at its meeting scheduled for 14th December 2017. Following this, PSAA will write by e-mail to all opted-in bodies to confirm auditor appointments.
5. Should the Council wish to make representations to PSAA about the proposed auditor appointment, the representation would need to be submitted to PSAA by no later than Friday 22nd September 2017. Representations can include matters that the Council believes might be an impediment to the proposed firm's independence. The communication will need to set out the reasons why the Council thinks the proposed appointment should not be made. The following may represent acceptable reasons:-
 - (i) there is an independence issue in relation to the firm proposed as the auditor, which had not previously been notified to PSAA;
 - (ii) there are formal and joint working arrangements relevant to the auditor's responsibilities, which had not previously been notified to PSAA; or
 - (iii) there is another valid reason, for example, you can demonstrate a history of inadequate service from the proposed firm.
6. The Chief Finance Officer is supportive of Grant Thornton being appointed as the Council's external auditor and does not therefore intend to make any representations.
7. PSAA will consult on the scale fees for 2018/19 in due course, and will publish confirmed scale fees for 2018/19 for opted-in bodies in March 2018. The results of the audit procurement indicate that a reduction in scale fees in the region of approximately 18% should be possible for 2018/19.

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