

REPORT TO: Business Efficiency Board
DATE: 27 September 2017
REPORTING OFFICER: Operational Director – Finance
SUBJECT: Appointment of the External Auditor
PORTFOLIO: Resources
WARD(S): Borough-wide

1.0 PURPOSE OF REPORT

1.1. The report outlines the results of the procurement process undertaken by Public Sector Audit Appointments Limited (PSAA), with regard to the appointment of the Council's external auditors. This follows the closure of the Audit Commission and the end of transitional arrangements at the conclusion of the 2017/18 audits.

2.0 RECOMMENDATION: That the proposed appointment of Grant Thornton (UK) LLP as the Council's external auditors, for five years commencing on 1st April 2018, be noted.

3.0 BACKGROUND

3.1 The Local Audit and Accountability Act 2014 abolished the Audit Commission and established transitional arrangements for the appointment of external auditors and the setting of audit fees for all local government and NHS bodies in England.

3.2 The Council's current external auditor is Grant Thornton, this appointment having been made under a contract let by the Audit Commission. Following closure of the Audit Commission the contract is now managed by PSAA. PSAA is an independent, not-for-profit company limited by guarantee, established by the Local Government Association.

3.3 The transitional arrangements for the Council's external audit will expire at the end of the 2017/18 accounts audit. On 7th December 2016 the Council decided to opt-in to a sector-led procurement of external auditors to be undertaken by PSAA.

3.4 This procurement process has now been completed. On 14th August 2017 PSAA informed the Council that Grant Thornton have been awarded the contract for the Council's external audit, commencing on 1st April 2018 for five years.

3.5 PSAA consulted each council regarding their proposed auditor appointment and required a response to the consultation by 22nd September 2017. After consultation with the Chair, a response was given to the PSAA confirming the Council's acceptance of Grant Thornton as its external auditors from 1st April 2018 for five years. The appointments will be formally confirmed by the PSAA Board on 14th December 2017.

4.0 FINANCIAL IMPLICATIONS

- 4.1 PSAA will consult councils on the external audit scale fees for 2018/19 in due course. However, the results of the procurement exercise indicate that a reduction in scale fees in the region of 18 percent should be possible for 2018/19, compared with the fees applicable for 2016/17.

5.0 LEGAL IMPLICATIONS

- 5.1 Section 7 of the Local Audit and Accountability Act 2014 (the Act) requires a relevant authority to appoint a local auditor to audit its accounts for a financial year not later than 31 December in the preceding year. Section 8 governs the procedure for appointment, including that the authority must consult and take account of the advice of its Auditor Panel on the selection and appointment of a local auditor. Section 8 provides that where a relevant authority is a local authority operating executive arrangements, the function of appointing a local auditor to audit its accounts is not the responsibility of an executive of the authority under those arrangements.

6.0 IMPLICATIONS FOR THE COUNCIL'S PRIORITIES

6.1 Children and Young People in Halton

None.

6.2 Employment, Learning and Skills in Halton

None.

6.3 A Healthy Halton

None.

6.4 A Safer Halton

None.

6.5 Halton's Urban Renewal

None.

7.0 RISK ANALYSIS

- 7.1 The appointment of a robust external auditor is an important decision as high quality, independent audit is one of the cornerstones of public accountability, providing assurance that taxpayers' money has been well managed and properly expended. It also inspires trust and confidence in the organisations and people responsible for managing public money

8.0 EQUALITY AND DIVERSITY ISSUES

- 8.1 None

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

9.1 There are none under the meaning of the Act.