

**REPORT TO:** Business Efficiency Board  
**DATE:** 7 February 2018  
**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 purpose of the report is to confirm the appointment of the Council's external auditors, following the procurement process undertaken by Public Sector Audit Appointments Limited (PSAA). 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 appointment of Grant Thornton (UK) LLP as the Council's external auditors, for five years commencing on 1<sup>st</sup> 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 7<sup>th</sup> December 2016 the Council decided to opt-in to a sector-led procurement of external auditors to be undertaken by PSAA.

3.4 A report was presented to the Board on 27 September 2017 as the procurement process had been completed and Grant Thornton had been awarded the contract for the Council's external audit. This was however still subject to a consultation period.

3.5 On 14<sup>th</sup> December the PSAA Board confirmed that following the consultation period the appointment has now been confirmed. Grant Thornton has therefore been awarded the contract for the Council's external audit, commencing on 1st April 2018 for five years.

#### **4.0 FINANCIAL IMPLICATIONS**

4.1 The external audit scale fees for 2018/19 will be announced shortly and are expected to be around 23% lower than last year following the procurement exercise.

#### **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.