

RIBBLE VALLEY BOROUGH COUNCIL

REPORT TO ACCOUNTS AND AUDIT COMMITTEE

Agenda Item No 8

meeting date: 18 OCTOBER 2017
title: EXTERNAL AUDITOR APPOINTMENT – 2018/19 ONWARDS
submitted by: DIRECTOR OF RESOURCES
principal author: LAWSON ODDIE

1 PURPOSE

- 1.1. To inform committee of the progress to date on the appointment of our external auditor from 2018/19 onwards
- 1.2. Relevance to the Council's ambitions and priorities:
 - Community Objectives – none identified.
 - Corporate Priorities - to continue to be a well-managed council, providing efficient services based on identified customer need.
 - Other Considerations – none identified.

2 BACKGROUND

- 2.1. The Local Audit and Accountability Act 2014 (the Act) brought to a close 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. On 5 October 2015 the Secretary of State Communities and Local Government (CLG) determined that the transitional arrangements for local government bodies would be extended by one year to also include the audit of the accounts for 2017/18.
- 2.2. The Act also set out the arrangements for the appointment of auditors for subsequent years, with the opportunity for authorities to make their own decisions about how and by whom their auditors are appointed. Regulations made under the Act allow authorities to 'opt in' for their auditor to be appointed by an 'appointing person'.
- 2.3. In July 2016 Public Sector Audit Appointments (PSAA) were specified by the Secretary of State as an appointing person under regulation 3 of the Local Audit (Appointing Person) Regulations 2015. The appointing person is sometimes referred to as the sector led body and PSAA has wide support across local government. PSAA was originally established to operate the transitional arrangements following the closure of the Audit Commission under powers delegated by the Secretary of State. PSAA is an independent, not-for-profit company limited by guarantee and established by the LGA.
- 2.4. At around this time last year the PSAA invited the Council to opt in, along with all other authorities, so that PSAA could enter into a number of contracts with appropriately qualified audit firms and appoint a suitable firm to be the Council/Authority's auditor.
- 2.5. This committee proposed that we agree to this and the decision was referred to full Council where it was approved.

3 PROCUREMENT OUTCOME

- 3.1 As a result of the PSAA procurement of auditor services, opted-in local government and police bodies throughout England will collectively benefit from reduced fees for audit services in 2018/19 compared to 2016/17. Aggregate savings are expected to exceed £6 million per annum, equivalent to a reduction of approximately 18% in the scale fees payable by local bodies. There were 484 opted-in local bodies.

- 3.2 The process thoroughly tested audit quality as well as attracting highly competitive prices. The successful firms possess a wealth of public sector audit experience giving confidence that high standards of service will be maintained.
- 3.3 The tender process also encouraged firms to think creatively about maximising social value benefits. Their responses promise the creation of more than 400 new apprenticeships over the life of the contract, many of which will be recruited from more disadvantaged communities.
- 3.4 The results of the process announced on 20 June 2017 involve the award of the following contracts:
- Lot 1 of approx. £14.6 million per audit year was awarded to Grant Thornton LLP;
 - Lot 2 of approx. £10.9 million per audit year was awarded to EY LLP;
 - Lot 3 of approx. £6.6 million per audit year to awarded to Mazars LLP;
 - Lot 4 of approx. £2.2 million per audit year to awarded to BDO LLP;
 - Lot 5 of approx. £2.2 million per audit year to awarded to Deloitte LLP; and
 - Lot 6 with no guaranteed value of work to awarded to a consortium of Moore Stephens LLP and Scott-Moncrieff LLP.
- 3.5 Contracts were awarded on the basis of most economically advantageous tender with 50% of the available score awarded to price and 50% awarded to quality.

4 LATEST POSITION

- 4.1. A period of consultation by PSAA ran from the 14 August to 22 September on the proposed appointment of auditors. We were informed at the beginning of this consultation that our proposed auditors were to be Grant Thornton UK LLP.
- 4.2. On the 15 September confirmation was given to PSAA that we were satisfied with the proposed appointment of Grant Thornton UK LLP as our auditors from 2018/19. Acknowledgement was then received back on the 27 September as shown at Annex 1.
- 4.3. Final confirmation is now expected sometime towards the end of December 2017 after the PSAA Board have met to consider all proposed auditor appointments at its meeting on 14 December 2017.

5 CONCLUSION

- 5.1. Having opted in to the sector led option for the appointment of external auditors for five financial years commencing 1 April 2018, we have now been notified that the proposal is to appoint Grant Thornton UK LLP.
- 5.2. We will receive final confirmation after the PSAA Board have met on 14 December 2017, and by the statutory deadline of 31 December 2017.

HEAD OF FINANCIAL SERVICES

DIRECTOR OF RESOURCES

AA23-17/LO/AC
6 October 2017

From: auditorappointments@psaa.co.uk [mailto:auditorappointments@psaa.co.uk]
Sent: 27 September 2017 08:28
To: Marshal Scott; Jane Pearson
Cc: auditorappointments@psaa.co.uk
Subject: Ribble Valley Borough Council - proposed auditor appointment from 2018/19
Importance: High

Ribble Valley Borough Council - this is a formal communication to the chief executive and chief finance officer about the auditor appointment from 2018/19

I am writing to acknowledge receipt of your confirmation that you are satisfied with the proposed appointment of Grant Thornton (UK) LLP to audit the accounts of Ribble Valley Borough Council from 2018/19.

The consultation on proposed appointments closed at **5pm on Friday 22 September 2017**. No further action is needed from you now on this matter. The PSAA Board will consider all proposed auditor appointments at its meeting on 14 December 2017, and we will write to you by email as soon as possible after the meeting to confirm your auditor appointment formally.

Kind regards

Jon Hayes
Chief Officer