

PLYMOUTH CITY COUNCIL

Subject:	Appointment of External Auditor 2018/19
Committee:	Audit Committee
Date:	14 September 2017
Cabinet Member:	Councillor Darcy
CMT Member:	Andrew Hardingham – Interim Joint Strategic Director for Transformation and Change
Author:	Paul Looby – Head of Financial Planning and Reporting
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Key Decision:	No
Part:	I

I. Purpose of the report:

- I.1 The purpose of this report is for Audit Committee to formally appoint Grant Thornton as Plymouth City Council's external auditors from 2018/19.

The Corporate Plan 2016/17 – 2018/19:

The appointment of External Auditors is a statutory requirement.

Implications for Medium Term Financial Strategy and Resource Implications:

The appointed auditors are required to give an opinion on the council's "Use of Resources". In doing so they refer to the MTFS and comment on the arrangements in place to deliver the budget.

Other Implications: e.g. Child Poverty, Community Safety, Health and Safety and Risk Management:

N/A.

Equality and Diversity

There are no direct implications as a result of this decision.

Recommendations and Reasons for recommended action:

- I. The Committee approves the appointment of Grant Thornton UK (LLP) as Plymouth City Councils' External Auditors from 2018/19.
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Alternative options considered and rejected:

The Committee could object to the proposed appointment and make representations to the PSAA.

Published work / information:

Background papers: N/A

Title	Part I	Part II	Exemption Paragraph Number						
			1	2	3	4	5	6	7

Sign off:

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Originating SMT Member: Andrew Hardingham, AD for Finance													
Has the Cabinet Member(s) agreed the contents of the report? Yes													

2. Background

- 2.1 In July 2016 Public Sector Audit Appointments Ltd (PSAA) was selected by the Secretary of State for Communities and Local Government to take on the role of Appointing Person for external auditors for local government and police bodies. PSAA is a limited company owned by the Local Government Association (LGA).
- 2.2 The City Council joined the national framework for external auditor appointments led by PSAA. In being part of the national framework the City Council was not required to undertake its own procurement process for an external auditor appointment. The tendering exercise and evaluation exercise

was undertaken by PSSA on behalf of all public bodies that joined the national framework. As a result of this exercise the following external auditors were selected:

- Grant Thornton UK LLP;
- Ernst & Young LLP;
- Mazars LLP;
- BDO LLP;
- Deloitte LLP.

- 2.3 Before the appointment of an external auditor to an individual authority, PSAA is required to consult on the proposed appointment. PSSA informed the City Council on 15 August 2017 that they propose to appoint Grant Thornton UK LLP as the Council's external auditor from 2018/19. Grant Thornton UK LLP is one of the largest accountancy firms in the UK and comprises around 4,500 employees and has considerable experience working within the Public Sector as an external auditor.
- 2.4. In making their proposed appointment PSAA has applied the following principles:
- ensuring auditor independence, as required by the Regulations;
 - 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; and
 - providing continuity of audit firm if possible, but avoiding long appointments.
- 2.5 The City Council has an opportunity to make any representations to PSAA on the appointment by 22 September 2017. The Section 151 Officer is satisfied with the appointment and if the Audit Committee endorses the appointment, the Section 151 Officer will write to the PSAA confirming its acceptance.
- 2.6 The PSAA Board will notify all local authorities on 18 December 2017 of their appointed external auditor following the consultation.
- 2.7 PSAA will consult on the scale fees for 2018/19 in due course and will publish confirmed scale fees for 2018/19 in March 2018. PSAA have advised that due to the successful procurement of auditor services, authorities 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