

By: John Simmonds, Cabinet Member for Finance and Business Support
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To: Governance and Audit Committee – 18 April 2012

Subject: **Audit Commission: Progress report on appointment of external auditor**

Classification: Unrestricted

Summary: An update on the outsourcing of audit services by the Audit Commission.

FOR INFORMATION

Introduction

1. The Audit Commission Act 1998 requires the Audit Commission (“Commission”) to appoint auditors to local public bodies. In August 2010 the Secretary of State for Communities and Local Government announced plans to disband the Audit Commission and the intention to transfer the Commission’s in house Audit Practice to the private sector. In due course the residual element of the Commission would be abolished.
2. 70% of the audits of principal bodies currently delivered by the Commission’s in house audit practice were put out to tender for 2012/2013 and ongoing audits. This work was offered in ten lots covering all types of audited body in defined geographical contract areas.

Issues for Committee to note

3. On 6 March 2012, the Commission wrote to the Corporate Director of Finance and Procurement confirming the award of the ten geographical area contracts to four firms. For the London (South), Surrey and Kent area the contract was awarded to Grant Thornton LLP.
4. The contract has been awarded for a period of five years following consultation by the Commission with key stakeholders in different sectors and across government.
5. The Commission will write to us shortly after 23 April 2012 to formalise the appointment of our permanent auditor for 2012/13 and subsequent years. As the Commission’s in house Audit Practice currently undertake the Council’s audit, Grant Thornton LLP will be proposed as the appointed auditor for Kent County Council.

6. The Commission is arranging a series of introductory meetings in each contract area in early May to give audited bodies an opportunity to meet the new firm proposed and its senior partners and hear how the new firm plans to manage its new portfolio and its approach to the audits. Audited bodies will have the opportunity to object to the proposed appointment by 25 May 2012 providing good reasons why the appointment should not be made.
7. Grant Thornton LLP is a well established audit practice that audits over 6000 entities annually. It is likely that many staff will transfer from the Commission's existing audit practice to Grant Thornton. At this stage, prior to the provision of more information and the commencement of the consultation process, there is no reason to raise an objection to the appointment of Grant Thornton as the auditors of Kent County Council.

Recommendations

8. Members of the Committee are asked to note the Commission's award of the audit contract for the London (South), Surrey and Kent region to Grant Thornton LLP.

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