

Audit Committee – 22nd March 2012

5. Update on the Future of the Audit Commission

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Purpose of the Report

This report updates the Audit Committee on government plans for the future of external audit of Local Authorities.

Recommendation

To note the report.

Background

The government announced in August 2010 that the Audit Commission would be abolished and that local authorities would in future appoint their own external auditors. A consultation paper outlining how this would be achieved was then sent to each public body. The Audit Committee approved SSDC's response to the consultation on the 28th April 2011. The consultation and subsequent decision was that the current work of the commission would be outsourced as one procurement exercise for three or five years before local authorities would have the ability to appoint their own auditors.

Report

The Commission has announced the award of contracts to four firms for five years, as follows:

Firm	Contract areas
DA Partnership	North East & North Yorkshire
Ernst & Young	Eastern
	South East
Grant Thornton	North West
	West Midlands
	London (South), Surrey & Kent
	South West
KPMG	Humberside & Yorkshire
	East Midlands
	London (North)

Therefore Grant Thornton will replace the Audit Commission as external auditors for SSDC for the next five years. There will be some introductory meeting set up in May to meet the new auditors. In the meantime the Audit Commission will continue to audit the 2011/12 accounts with a handover in October 2012 to Grant Thornton. Peter Lappin, the current Audit Manager will attend the meeting to answer any questions members may have.

Financial Implications

The governments' expectation is that overall there will be a saving to public bodies of 40% on fees. However, a proportion of this has already been realised through the Audit Commission and the removal of Comprehensive Area Assessments. Further information will be available when the scale of fees and charges are set in due course.

Background Papers: *Future of Local Public Audit – Consultation April 2011*
