

## Appointment of External Auditor

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## Purpose of the Report

1. This report outlines the outcome of the procurement process carried out by the Public Sector Audit Appointment (PSAA).

## Recommendation

2. That Audit Committee note the appointment of Grant Thornton (UK) LLP as the Council's external auditor for five years from 2018/19, commencing 1 April 2018, and the projected fees payable.

## Background

3. The 2014 Local Audit and Accountability Act abolished the Audit Commission and allowed local authorities to appoint their own auditors. In February 2017 Full Council approved that SSDC opt into the Public Sector Audit Appointments (PSAA) procurement process for them to appoint an external auditor by December 2017 on our behalf.
4. As a result of the procurement to let audit contracts from 2018/19, the PSAA have appointed Grant Thornton (UK) LLP to audit the accounts of South Somerset District Council for five years from 2018/19 with the appointment starting on 1 April 2018.
5. The PSAA is also responsible for setting the scale of fees for the audit of the accounts for those authorities that have opted into the appointing person scheme. This has resulted in a reduction of fees by 23 percent in 2018/19 compared to the fees applicable for 2017/18. They are hoping to maintain the reduction of 23 percent in scale fees for the first three years of the appointing period based on current assumptions about inflation and the amount of work the auditors are required to undertake, but will confirm this position when they review and update their assumption and estimates each year and will then carry out consultation on the scale fees for the following year.
6. The PSAA also makes arrangements for appointed auditors to certify the annual housing benefit subsidy claims from local authorities to the Department for Work and Pensions. In certifying these claims, auditors act as agents of PSAA and are required to comply with a specified approach. These certification arrangements will end with completion of certification work on 2017/18 claims.
7. The Department for Work and Pensions is developing its own assurance arrangements from 2018/19 for the housing benefit subsidy claim on a tripartite agreement basis, and requires all local authorities to appoint a 'reporting accountant' by the 1st March 2018. Once SSDC has completed this procurement process a further report will update Audit committee with the outcome.

## Financial Implications

8. There has been a reduction in the fee charged from £49,276 in 2017/18 to £37,943 for 2018/19 and hopefully the subsequent 2 years and this has been built into the MTFP.