

AUDIT COMMITTEE – 1 JUNE 2012

Title of paper:	CONSULTATION ON APPOINTMENT OF EXTERNAL AUDITORS	
Director(s)/ Corporate Director(s):	Tony Kirkham Acting Chief Finance Officer	Wards affected: All
Report author(s) and contact details:	Barry Dryden, Senior Finance Manager, Financial Reporting barry.dryden@nottinghamcity.gov.uk 0115 876 2799	
Other colleagues who have provided input:	None	
Relevant Council Plan Strategic Priority:		
World Class Nottingham		
Work in Nottingham		
Safer Nottingham		
Neighbourhood Nottingham		
Family Nottingham		
Healthy Nottingham		
Leading Nottingham		✓
Summary of issues (including benefits to citizens/service users):		
This report outlines the reasons why the Council may object to the appointment of KPMG to replace the Audit Commission as the Council's external auditors from November 2012		
Recommendation(s):		
1	Audit Committee note the decision not to make an objection to the appointment of KPMG as External Auditors for 2012/13 to 2016/17.	

1. BACKGROUND

As part of the Government's plan to abolish the Audit Commission, contracts have been awarded for the work currently undertaken by the Audit Practice for the period 2012/13 to 2016/17. The tender for the East Midlands was awarded to KPMG with a resultant reduction in audit fees of 40%, reducing the City Council's fees from £380,700 to £228,420. The Audit Commission has now issued a consultation paper asking the Council if they have any objections to the appointment of KPMG as external auditors by 25 May 2012.

2. REASONS FOR RECOMMENDATIONS

There are a limited number of reasons that can be used to object to the appointment of auditors that have been awarded contracts under this process:

- There is an independence issue of which the Audit Commission were previously unaware that would preclude the appointment
- The Council is involved in formal and on-going joint working arrangements which mean it would be more appropriate for two bodies to have the same auditor
- The Council is able to demonstrate a history of inadequate services from the proposed firm

Colleagues were not aware of any issues regarding the appointment of KPMG that might fall into the categories above so, following consultation with the Chair of Audit Committee, no appeal was made against the appointment of KPMG as external auditors.

3. **OTHER OPTIONS CONSIDERED IN MAKING RECOMMENDATIONS**

None.

4. **FINANCIAL IMPLICATIONS (INCLUDING VALUE FOR MONEY)**

The financial implications are included within the body of the report (BD 11/5/12)

5. **RISK MANAGEMENT ISSUES (INCLUDING LEGAL IMPLICATIONS, CRIME AND DISORDER ACT IMPLICATIONS AND EQUALITY AND DIVERSITY IMPLICATIONS)**

None.

6. **EQUALITY IMPACT ASSESSMENTS (EIAs)**

An EIA is not required as this report does not include proposals for new or changing policies, services or functions.

7. **LIST OF BACKGROUND PAPERS OTHER THAN PUBLISHED WORKS OR THOSE DISCLOSING CONFIDENTIAL OR EXEMPT INFORMATION**

None

8. **PUBLISHED DOCUMENTS REFERRED TO IN COMPILING THIS REPORT**

Strategy for making auditor appointments for 2012/13 and future years – Audit Commission January 2012