

TRUSTS AND CHARITIES COMMITTEE – 28 SEPTEMBER 2012

Title of paper:	Appointment of Auditors for Bridge Estate 2011/12	
Director(s)/ Corporate Director(s):	Tony Kirkham Director of Strategic Finance	Wards affected: All
Report author(s) and contact details:	Barry Dryden, Senior Finance Manager barry.dryden@nottinghamcity.gov.uk 0115 876 2799	
Other colleagues who have provided input:		
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):		
<p>The audited accounts of the Bridge Estate Charity (the Charity) are required to be submitted to the Charity Commission by 31st January each year.</p> <p>The termination of the Audit Commission's appointment as external auditors for Nottingham City Council has resulted in them stepping down as auditors for the 2011/12 audit of the Bridge Estate accounts. Notification was received on 23 July 2012, requiring new auditors to be appointed at short notice.</p>		
Recommendation(s):		
1	That the action taken to appoint KPMG as auditors for the audit of the 2011/12 statement of accounts be noted.	
2	The Charity enters into a procurement process to appoint auditors for the next 5 years.	

1. BACKGROUND

The appointment of auditors to audit the accounts of the Charity is normally made by the Audit Commission under Section 29 of the Audit Commission Act 1998 (the 1998 Act) at the request of the City Council, because of the close connection between the City Council and the Bridge Estate.

The Audit Commission has previously appointed an auditor from its in-house Audit Practice to audit, or independently examine, the accounts of the Charity. Sue Sunderland, an officer of the Commission's in-house Audit Practice, is appointed up to 2011/12.

As part of the closure of the Audit Commission, on the 26 July 2012 the Commission Board appointed KPMG as the City Council's auditors from 2012/13. Staff from the Commission's in-house Audit Practice will transfer to KPMG on 1 November 2012, however, Sue Sunderland stated that the in-house Audit Practice were unlikely to be able to complete the audit of the Charity's 2011/12 accounts by that date. The Audit Commission therefore asked the Charity to inform them by 17 August, if they would

like the Commission to continue to appoint auditors under the 1998 Act for 2011/12 only.

2. REASONS FOR RECOMMENDATIONS

In the light of the short timescales involved for appointing an auditor, carrying out the Audit and submitting the audited accounts by 31 January 2013, officers sought approval from the Chair and Deputy Chair of the Audit Committee to ask the Audit Commission to make an appointment for 2011/12 under the existing arrangements.

The Audit Commission appointed KPMG as the Charity's auditors, in line with the City Council's appointment. As staff from the Audit Commission's in-house Audit Practice will transfer to KPMG, the appointment maintains continuity and will allow KPMG to draw on the work already undertaken by the Audit Commission as part of the audit of the City Council's accounts.

The Charity will now be able to enter into a considered tendering process to award the audit contract for a period of 5 years (co-terminus with the City Council's audit contract) to maximise cost savings that can be obtained from the continuity of service.

3. OTHER OPTIONS CONSIDERED IN MAKING RECOMMENDATIONS

The Charity may have entered into a tendering process for 2011/12 onwards, however, there was a risk that the audit would not be completed in time to submit the audited accounts to the Charity Commission by 31 January 2013.

4. FINANCIAL IMPLICATIONS (INCLUDING VALUE FOR MONEY/VAT)

The audit fee will be in line with fees charged in previous years

5. RISK MANAGEMENT ISSUES (INCLUDING LEGAL IMPLICATIONS AND CRIME AND DISORDER ACT IMPLICATIONS)

None

6. EQUALITY IMPACT ASSESSMENT

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

Letter from Audit Commission 23 July 2012

8. PUBLISHED DOCUMENTS REFERRED TO IN COMPILING THIS REPORT

Audit Commission Act 1998