

Classification: Public

Key Decision: No

Gravesham Borough Council

Report to: Finance and Audit Committee
Date: 9 November 2022
Reporting officer: Lisa Nyon - Assistant Director (Corporate Services)
Subject: Appointment of External Auditors

Purpose and summary of report:

To present Members of the Finance and Audit Committee an update with regard to the appointment of external auditors from 1 April 2023.

Recommendations:

1. The Finance & Audit Committee is asked to endorse the appointment by the PSAA of Grant Thornton (UK) LLP as the auditor for Gravesham Borough Council for a five year period from 1 April 2023.

Key Implications:	
Item	Implications
Legal	<p>Section 7 of the Local Audit and Accountability Act 2014 (the Act) requires a relevant authority to appoint a local auditor to audit its accounts for a financial year not later than 31 December in the preceding year. Section 8 governs the procedure for appointment including that the authority must consult and take account of the advice of its auditor panel on the selection and appointment of a local auditor.</p> <p>Section 8 provides that where a relevant authority is a local authority operating executive arrangements, the function of appointing a local auditor to audit its accounts is not the responsibility of an executive of the authority under those arrangements.</p> <p>Section 12 makes provision for the failure to appoint a local auditor: the authority must immediately inform the Secretary of State, who may direct the authority to appoint the auditor named in the direction or appoint a local auditor on behalf of the authority.</p> <p>Section 17 gives the Secretary of State the power to make regulations in relation to an 'appointing person' specified by the Secretary of State. This power has been exercised in the Local Audit (Appointing Person) Regulations 2015 (SI 192) and this gives the Secretary of State the ability to enable a Sector Led Body to become the appointing person.</p>

Finance and Value for Money	A consultation will take place on scale fees for 2023/24 in Autumn 2023. The results of which will be published and confirmed on the PSAA webpage by 30 November 2023. As indicated in a PSAA recent press release announcing the procurement outcome, the PSAA advise to anticipate an increase of c.150% on the total fees for 2022/23.
Corporate Plan	Strategic Objective #3 Progress; Sound Financial Management & Successfully Managing Key Business Risks
Climate Change	No direct implications.

1. Background

- 1.1 At the Full Council meeting of 7 December 2021, it was agreed to accept the invitation to opt into the appointing person arrangements made by the Public Sector Audit Appointments (PSAA), for the procurement of external audit. The link to this paper can be found here: [Report](#)
- 1.2 The PSAA ran a procurement exercise for 470 (99%) of local government, police and fire bodies which resulted in six audit firms being offered contracts. These firms together with their percentage allocation are set out in the table below :-

Share of PSAA's work	
Grant Thornton	36.0%
Mazars	22.5%
Ernst & Young	20.0%
KPMG	14.0%
Bishop Fleming	3.75%
Azets Audit Services	3.25%

2. Appointment of external auditor

- 2.1 On 17 October the council received correspondence from the PSAA informing of the outcome of the procurement exercise and that PSAA intend to appoint Grant Thornton (UK) LLP (the council's current external audit provider) as the auditor of Gravesham Borough Council. For information this correspondence is attached at Appendix One for information.
- 2.2 The council does have the opportunity to make representations to the PSAA on the proposed appointment by midnight Monday 14 November. The following may represent acceptable reasons:
 - There are independence issues in relation to the firm proposed as the auditor, which had not previously been notified to the PSAA or

- There are formal and joint working arrangements relevant to the auditor's responsibilities which had not been previously notified to PSAA.

2.3 There are no reasons to suggest that the council should make representations to the PSAA. Given the ongoing challenges regarding the statement of accounts for 2019/20 it would be prudent for continuity reasons for the council to accept the appointment of Grant Thornton (UK) LLP as the council's external auditor from for the five years from 1 April 2023.

3. Appendices

3.1 The following documents are to be published with the report:

Appendix 1: Correspondence from PSAA.

4. Background papers

None

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Secondary Implications	
Risk Assessment	No immediate risk to the council.
Data Protection Impact Assessment	<i>A data protection impact assessment (DPIA) should be carried out at the start of any major project involving the use of personal data or if you are making a significant change to an existing process.</i>
	a. Does the project/change being recommended through this paper involve the processing of personal data or special category data or criminal offence data ? A definition of each type of data can be found on the Information Commissioner's Office website via the above links. No.
	b. If yes to question a, have you completed and attached a DPIA including Data Protection Officer advice? Click here to start typing
	c. If no to question b, please seek advice from your nominated DPIA assessor or the Information Governance Team at gdpr@medway.gov.uk . Click here to start typing
Equality Impact Assessment	a. Does the decision being made or recommended through this paper have potential to cause adverse impact or discriminate against different groups in the community? If yes, please explain answer. No.

	<p>b. Does the decision being made or recommended through this paper make a positive contribution to promoting equality? If yes, please explain answer.</p> <p>No.</p> <p><i>In submitting this report, the Chief Officer doing so is confirming that they have given due regard to the equality impacts of the decision being considered, as noted in the table above</i></p>
Crime and Disorder	No direct implications
Digital and website implications	No direct implications
Safeguarding children and vulnerable adults	No direct implications