

**Report of** the Chief Finance Officer

**Report to** Corporate Governance and Audit Committee

**Date:** 23<sup>rd</sup> November 2018

**Subject:** Introduction to new auditors Grant Thornton

Are specific electoral Wards affected? If relevant, name(s) of Ward(s):	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Are there implications for equality and diversity and cohesion and integration?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Is the decision eligible for Call-In?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Does the report contain confidential or exempt information? If relevant, Access to Information Procedure Rule number: Appendix number:	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

### Summary of main issues

1. This report introduces Grant Thornton as the council's new external auditors and outlines the handover process to them from KPMG. A representative from Grant Thornton will be present at the Committee to introduce themselves to Members.
2. Grant Thornton have provided a report (attached as an appendix) which gives an overview of their audit approach and highlights some current issues within the local government sector which may be of interest to Members.

### Recommendations

3. Members are asked to receive the introductory report from Grant Thornton.

## **1 Purpose of this report**

- 1.1 This report introduces Grant Thornton as the Council's new external auditors and presents an introductory report from them.

## **2 Background information**

- 2.1 From 2018/19, councils are required either to appoint their own external auditors, or to opt into the national auditor appointment scheme under which PSAA (Public Sector Appointments Ltd, a subsidiary company of the Local Government Association) is designated as an appointing person under the Local Audit and Accountability Act 2014. In February 2017, Full Council took the decision that Leeds would opt into the national appointment scheme.
- 2.2 Under this scheme, Grant Thornton have been appointed as the Council's external auditors for a 5 year period from 2018/19, taking over from KPMG. Their appointment relates to the audit of the council's statement of accounts, including the value for money conclusion and the audit of our Whole of Government Accounts return.
- 2.3 The council will continue to procure auditors on a competitive quotation basis for any one-off grant claims which require auditing, and has appointed Mazars to audit its housing benefit subsidy claims for a 3 year period from 2018/19.

## **3 Main issues**

- 3.1 Grant Thornton have been appointed as the Council's new external auditors from 2018/19, taking over from KPMG. In addition to holding initial meetings with relevant officers from the Council, Grant Thornton have been undertaking a detailed hand-over process with KPMG during the autumn. This has involved a review of KPMG's audit files and meetings with their audit team.
- 3.2 Grant Thornton's planned audit fee for 2018/19 is £178.6k.
- 3.3 Grant Thornton have provided an introductory report which is attached as an appendix to this report. They will be carrying out preliminary evaluation work over the next few months, and intend to present their detailed Audit Plan for 2018/19 at the next meeting of the Committee.

## **4 Corporate Considerations**

### **4.1 Consultation and Engagement**

- 4.1.1 This report does not raise any issues requiring consultation or engagement with the public, ward members or Councillors.

### **4.2 Equality and Diversity / Cohesion and Integration**

- 4.2.1 There are no issues regarding equality, diversity, cohesion and integration.

### **4.3 Council policies and Best Council Plan**

4.3.1 Under this Committee's terms of reference members are required to consider the Council's arrangements relating to external audit, including the receipt of external audit reports. This is to provide a basis for gaining the necessary assurance regarding governance prior to the approval of the Council's accounts.

#### **4.4 Resources and value for money**

4.4.1 Grant Thornton will be responsible for providing an opinion as to whether the Council has in place proper arrangements for securing value for money.

#### **4.5 Legal Implications, Access to Information and Call In**

4.5.1 As this is a factual report none of the information enclosed is deemed to be sensitive or requesting decisions going forward, and therefore raises no issues for access to information or call in.

#### **4.5 Risk Management**

4.6.1 Grant Thornton will identify and report on risk areas relating to the financial statements and value for money arrangements as part of their audit planning process.

### **5 Conclusions**

5.1 Grant Thornton are now in place as the Council's new external auditors. They are carrying out preliminary planning work and will present their 2018/19 Audit Plan to the next meeting of the Committee.

### **6 Recommendations**

6.1 Members are asked to receive the introductory report from Grant Thornton.

### **7 Background documents<sup>1</sup>**

7.1 None.

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<sup>1</sup> The background documents listed in this section are available to download from the Council's website, unless they contain confidential or exempt information. The list of background documents does not include published works.