

## **AUDIT AND GOVERNANCE COMMITTEE**

### **30 NOVEMBER 2022**

## **APPOINTMENT OF EXTERNAL AUDITORS**

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### **Recommendation**

- 1. The Chief Financial Officer recommends that the appointment of Grant Thornton as the auditor of Worcestershire County Council and Worcestershire Pension Fund for five years from 2023/24 be noted.**

### **Introduction**

2. Under the Local Audit and Accountability Act 2014, the Council is required to appoint an auditor to audit its Statement of Accounts each financial year.
3. The external audit of local authorities was previously a responsibility of the Audit Commission, established in 1983 for this purpose. The Local Audit and Accountability Act 2014 abolished the Audit Commission as at 31 March 2015 and its functions have since been delivered via the Public Sector Audit Appointments (PSAA), National Audit Office (NAO), Financial Reporting Council (FRC) and the Cabinet Office.
4. The Council's current external auditor is Grant Thornton UK LLP and this appointment covers the period up to and including the audit of the 2022/23 accounts. The Council opted into the 'appointing person' national auditor appointments arrangements established by PSAA for the period covering the accounts for the five-year period from 2018/19 to 2022/23.
5. In December 2021, the Council opted in to the PSAA arrangements for procurement covering audits for 2023/24 to 2027/28.

### **Procurement of External Audit for the period 2023/24 to 2027/28**

6. In developing appointment proposals, PSAA considered information provided from both opted-in bodies and audit firms, and sought to balance a range of factors including:
  - auditor independence, the most critical of all the factors;
  - joint/shared working arrangements and information from bodies, where we have prioritised those requests that are most relevant to the auditor's responsibilities;
  - our commitments to the firms under the audit contracts;
  - bodies' main offices and firms' geographical preferences;
  - the status of prior years' audits; and

- continuity of auditor where appropriate.

7. In October 2022, PSAA advised the Council (through the Chief Finance Officer) that Grant Thornton were the proposed appointment for external auditors to both Worcestershire County Council and the Worcestershire Pension Fund for the period 2023/24 to 2027/28

8. Following conversation with key stakeholders including the Leader of the Council, the Chief Finance Officer has sent acceptance of this proposal to PSAA.

9. Local Authorities have been advised that audit fees for the period will be significantly increased, due to increased scope and complexity of audits, and to ensure capacity and sustainability in the local audit market. For Worcestershire, current assumptions are for additional costs in the region of £0.2m.

## Contact Points

### Specific Contact Points for this report

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## Background Papers

In the opinion of the proper officer (in this case the Chief Finance Officer) there are no background papers relating to the subject matter of this report.