

**WEST MIDLANDS FIRE AND RESCUE AUTHORITY**

**AUDIT COMMITTEE**

**10 SEPTEMBER 2012**

1. **APPOINTMENT OF EXTERNAL AUDITOR**

Report of the Chief Fire Officer.

RECOMMENDED

THAT the Committee note the appointment of Grant Thornton UK LLP as external auditor to audit the accounts of West Midlands Fire and Rescue Authority (WMFRA) for five years from 2012/13.

2. **PURPOSE OF REPORT**

This report is submitted to provide Members with information regarding the appointment of Grant Thornton UK LLP as the external auditor of WMFRA.

3. **BACKGROUND**

- 3.1 Members will recall that in September 2011 the Department for Communities and Local Government (DCLG) announced that all public body external audit work was to be undertaken by private sector audit practices from 2012/13. To this end, it was agreed that a procurement exercise would be undertaken to outsource the public audit work undertaken by the Audit Commission's in-house audit practice.
- 3.2 Following the conclusion of this procurement exercise, the Audit Commission proposed that the contract for the delivery of WMFRA external audit work be awarded to Grant Thornton LLP. However, this proposal was subject to Audit Commission confirmation following the conclusion of the consultation and appeals processes.
- 3.3 In accordance with the statutory requirements of the Audit Commission Act 1998, the Commission has consulted WMFRA on this appointment. Both Corporate Board (CB) and Audit and Performance Management Committee

(APMC) Members were consulted upon the proposed appointment, following which it was agreed that there was no reason to oppose the appointment. In support of the consultation process Grant Thornton LLP held an introductory event on the 30 April 2012. This event was attended by representatives from WMFRA and Sandwell MBC internal audit function.

- 3.4 The consultation process has now been completed. In its letter to the Chief Fire Officer, dated the 31 July 2012 (attached as Appendix 1) the Audit Commission confirmed that the appointment of Grant Thornton LLP was approved by the Audit Commission Board at its meeting on 26 July 2012.
- 3.5 Therefore, Grant Thornton LLP will take up their appointment from 1 September 2012 and will audit the accounts of WMFRA for five years from 2012/13. The fee for the 2012/13 Audit is £52k (£79k in 2011/12). The fee is inflation proofed for the 5 year term of the contract but will be reviewed annually.
- 3.6 WMFRA contact details have been passed to the appointed auditor who will meet with representatives from WMFRA to discuss the approach to external audit in due course.
- 3.7 The appointment letter (Appendix 1) details the regulatory role of the Audit Commission in ensuring audit quality. This role will cease upon the introduction of the new local public audit regime.

#### 4. **EQUALITY IMPACT ASSESSMENT**

In preparing this report an initial Equality Impact Assessment is not required and has not been carried out. The matters contained in this report will not lead to a policy change.

#### 5. **LEGAL IMPLICATIONS**

The course of action recommended in this report does not raise issues which should be drawn to the attention of the Authority's Monitoring Officer.

## 6. **FINANCIAL IMPLICATIONS**

There are no direct implications arising from this report.

## **BACKGROUND PAPERS**

APMC, 11 June 2012, agenda Item 4, Contract award for the provision of external audit services and confirmation of audit scale fee and work Programme.

Email to APMC Members, May 2012, Consultation on External Auditor Appointment.

Audit Commission letter to the Chief Fire Officer, WMFRA consultation on auditor appointment for 2012/13 and future years, 16 April 2012.

APMC, 26 March 2012, agenda item 10, Government response to future of local public audit consultation.

APMC 10 October 2011, agenda item 4, Consultation on external fees and work programme 2012/13 and update on future of local public audit.

VIJ RANDENIYA  
CHIEF FIRE OFFICER