

**DERBYSHIRE COUNTY COUNCIL**

**CABINET**

**6 November 2012**

**Report of the Director of Finance**

**EXTERNAL AUDITOR APPOINTMENT  
(FINANCE AND MANAGEMENT)**

**1 Purpose of the Report**

To ask members to note the change to the Council's external auditor.

**2 Information and Analysis**

The Government undertook to make savings in the size and number of quasi-non-government organisations it used to help it support service delivery. As part of this review the Secretary of State for Communities and Local Government announced the closure of the Audit Commission. The Audit Commission had a number of roles, of which one was to act as external auditor to a large proportion of local authority's, including the County Council. To fill the gap created by the closure of the Commission, an externally run procurement exercise was undertaken, looking at a small number of large regional contracts. The contract for the County Council was won, for a five year period, by KPMG. The progress on these changes has been reported at various stages to relevant committees. The County Council itself will procure its auditor from 2017.

The accounts for 2011-12 have been successfully completed as reported at a recent Audit Committee and therefore the Council's involvement with the Audit Commission as our external auditors is now finished. The existing Audit Commission staff dealing with the County Council did not transfer over to KPMG until 1 November 2012, and it is expected that most of these existing staff will continue to audit the Council, at least for the 2012-13 audit. This is something to be welcomed.

### **3 Financial Considerations**

The procurement exercise will result in an annual saving to the Council/Pension Fund of an estimated £100,000 in external audit fees. The annual cost estimated to be reduced to around £200,000 in 2012-13.

### **4 Considerations**

In preparing this report the relevance of the following factors has been considered: legal, prevention of crime and disorder, equality and diversity, human resources, environmental, health, property and transport considerations.

### **5 Key Decision**

No

### **6 Call-in**

Is it required that call-in be waived in respect of the decisions proposed in the report? No

### **7 Background Papers**

Held in Corporate Finance Division.

### **8 OFFICER'S RECOMMENDATION**

That the commencement of KPMG as the Council's appointed external auditor for a five year term be noted.

PETER HANDFORD

Director of Finance

County Hall  
MATLOCK

16 October 2012