

# Southend-on-Sea Borough Council

Agenda  
Item No.

Report of Corporate Director Support Services

to

**Audit Committee**

On

**9 January 2013**

Report prepared by: PKF External Auditor

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**PKF: Audit Plan 2012/13**

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**Executive Councillor – Councillor Moring**

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***A Part 1 Public Agenda Item***

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## **1. Purpose of Report**

- 1.1 To present the Audit Commission letter regarding the forthcoming merger between PKF (UK) LLP and BDO LLP.

## **2. Recommendation**

- 2.1 The Audit Committee notes Audit Commission's letter.**

## **3. Background**

- 3.1 The Council is required to have an external audit of its activities that complies with the requirements of the Audit Commission's Code of Audit Practice (the Code). The Audit Commission have appointed PKF (UK) LLP as the Council's external auditor.
- 3.2 PKF (UK) LLP has recently agreed to merge with BDO LLP and the Audit Commission has written to confirm that the contract between themselves and PKF is intended to be novated to the new firm.
- 3.3 A senior representative of PKF (the appointed External Auditor to the Council) will present this report to the Audit Committee and respond to Members' questions.

## **4. Corporate Implications**

- 4.1 Contribution to Council's Aims and Priorities

Audit work contributes to the delivery of all corporate Aims and Priorities.

#### 4.2 Financial Implications

The prescribed requirements of what needs to be undertaken by the external auditor and the fee scales are defined by the Audit Commission. There will be no impact upon this from the merger between PKF and BDO.

#### 4.3 Legal Implications

The Council is required to have an external audit of its activities that complies with the requirements of the Audit Commission's Code of Audit Practice (the Code). The letter from the Audit Commission confirms that arrangements to deliver this remain in place.

#### 4.4 People and Property Implications

None

#### 4.5 Consultation

None.

#### 4.6 Equalities and Diversity Implications

None

#### 4.7 Risk Assessment

There are no identified risks to the Council as a result of the merger between PKF and BDO.

#### 4.8 Value for Money

The Audit Commission sets the fee formula for determining external audit fees for all external auditors. The merger between PKF and BDO does not impact on the value for money of the external audit.

#### 4.9 Community Safety Implications and Environmental Impact

None

### 5. Background Papers

- Audit Commission's Code of Audit Practice 2010
- Audit Commission's Work Programme and Scales of Fees 2012/13

### 6. Attachment: Audit Commission letter about the PKF and BDO merger.