

**Agenda Item No:** 4  
**Report To:** Trading & Enterprise Board  
**Date:** 4<sup>th</sup> December 2017  
**Report Title:** Appointment of Auditors  
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**Summary:** The Council has been asked by A Better Choice for Property Limited and A Better Choice for Building Consultancy Limited (the “Companies”) to approve the appointment of the Auditors for the Companies under its delegated authority for 2017/18.

This appointment is different from previous years as the companies have confirmed with the PSAA (Public Sector Audit Appointments) that the Local Audit (Appointing Person) Regulations 2015 were not taken forward in legislation following the abolishment of the Audit Commission, and therefore the companies can now change audit provider in accordance with Companies Act 2006 legislation.

**Key Decision:** No

**Affected Wards:** N/A

**Recommendations:** **The Board be asked to:**

- 1. Approve the appointment of Cassidys as the auditors for A Better Choice of Property Ltd. for the financial year 2017/18**
- 2. Approve the decision not to have a formal audit for A Better Choice for Building Consultancy Ltd. going forward until the Company resumes trading, or if an audit is required then appoint Cassidys for 2017/18.**

**Policy Overview:** It is part of the governance structure of the Companies that the Trading & Enterprise Board approves the appointment of the auditors.

**Financial Implications:** The auditor’s fees are paid by each company. However, the change of auditor should save ABCFP Ltd. circa 50% on its audit fee, with ABCBC Ltd. potentially not incurring any charge.

**Risk Assessment** No

**Equalities Impact Assessment** N/A

**Other Material Implications:** None.

**Exemption Clauses:**

**Background Papers:** None.

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## **Report Title: Appointment of Auditors**

### **Purpose of the Report**

1. This report asks the Board to approve the appointment of auditors for A Better Choice of Property Ltd. (ABCFP) and A Better Choice of Building Consultancy Ltd. (ABCBC) for the financial year 2017/18.

### **Issue to be Decided**

2. Whether to appoint Cassidys as the appointed auditor for ABCFP Ltd. for 2017/18.
3. Whether to agree that ABCBC, given the non-trading position of the company does not have a formal audit (as legally permitted) for the financial year 2017/18, and going forward until the company starts trading again.
4. Alternatively, if an audit of ABCBC is felt necessary then appoint Cassidys as the preferred auditor for 2017/18.

### **Background**

5. When the Companies were set-up as wholly owned subsidiaries of the Council, they were captured under the Local Audit (Appointing Person) Regulations 2015 which were in place at the time of the audit commission which restricted the potential supplies to: Ernst & Young, BDO, Grant Thornton, KPMG, or Mazars.
6. However, following the abolition of the Audit Commission, the Local Audit (Appointing Person) Regulations 2015 were not carried forward in legislation, and therefore Companies are now free to make their own provision in line with the requirements of the Companies Act 2006.
7. This change has enabled the Companies to go to market and procure a different auditor going forward and potentially save money.

### **Appointment of Auditor for A Better Choice for Property Ltd. for 2017/18**

8. Following market testing of 3 audit firms and consultation with the Property Company Board. The Property Company request that the TEB agree the appointment of Cassidys as the appointed auditor for the A Better Choice for Property Ltd. for the 2017/18 audit.

### **Appointment of Auditor for A Better Choice for Building Consultancy Ltd. for 2017/18 and beyond.**

9. At the TEB meeting dated the 6 November 2017 the decision was taken that ABCBC Ltd. would cease trading and be placed into dormancy.

10. The requirement for ABCBC to be audited is one that has been requested by the Council as sole shareholder and therefore has to be honored. However, if as shareholder the Council does not formally request the accounts to be audited then the company has no legal obligation as it gets exemption under the small companies and micro-entities legislation.
11. Given that the level of activity by the Company, which had slowed considerably up to 6 November 2017, and considering the decision to make the company dormant going forward, the TEB is asked to remove the requirement for ABCBC to be audited.
12. If the TEB feel that an audit of the work undertaken in 2017/18 is necessary, then based on benchmarking performed by the property company, then the Building Consultancy Company ask the TEB to agree the appointment of Cassidys to perform this function.

### **Risk Assessment**

13. N/a

### **Other Options Considered**

14. To appoint different auditors to those recommended in this report which would have varying cost implications.

### **Conclusion**

15. The Board is asked to ratify and approve the appointment of Cassidys as auditors for A Better Choice for Property Ltd. for 2017/18. The Board is also asked to remove the requirement for external audit of the accounts relating to A Better Choice of Building Consultancy Ltd. for 2017/18 and going forward until the company starts trading again.

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