

Report Title: **Auditors to the Palace**

Report of: **David Loudfoot, General Manager**

1. Purpose

1.1 To review the external audit arrangements for APPCT

2. Recommendations

2.1 That the trustees re-appoint Deloitte+Touche for the 2008/9 accounts and tender for audits commencing 2009/10.

Report Authorised by: **David Loudfoot, General Manager**.....

Contact Officer: **David Loudfoot, General Manager, Alexandra Palace & Park, Alexandra Palace Way, Wood Green N22 7AY Tel No. 020 8365 2121**

3. Executive Summary

- 3.1 There is a statutory requirement for the Charity to provide audited accounts to the Charity Commission by the end of January each year.
- 3.2 The Charity is required to appoint an external auditor, that appointment should be in line with charity legislation and contract law.

4. Reasons for any change in policy or for new policy development (if applicable)

4.1 N/A

5. Local Government (Access to Information) Act 1985

5.1 No specific background papers were used in compiling this report.

6. Report.

- 6.1 The charity accounts must be audited and submitted by the end of January each financial year (10 months after the accounting period closes). It is a requirement that in accordance with the Charities Act, the audit of the Charity accounts must be undertaken by a registered auditor.
- 6.2 The Charity accounts do not form part of the accounts of the London Borough of Haringey and the trust has employed independent external auditors for more than ten years. Deloitte +Touché LLP have provided the service since 2002. There is no long term agreement currently in place.
- 6.3 The Charity has a wholly owned trading company and as such it is necessary for the Charity to produce group accounts and the auditor is normally required to undertake both the Charity and the Trading Company audits.
- 6.4 The adopted practice has been that the auditor has been re-appointed on an annual basis as part of the process of considering the audited accounts of the Charity. The Charity as sole shareholder also considers the resolution of the Trading Company board with regard to appointment of auditors for the Trading company. There would be a considerable increase in the audit costs if different auditors were used by each organisation.
- 6.5 The audit of the 2007/8 accounts is currently underway by Deloitte+Touche and at the end of the process, before the 2007/8 accounts are published the trustees will need to either re-appoint Deloitte+Touche or to have made arrangements for selecting alternate auditors for the current financial years accounts (2008/9).
- 6.6 The trustees debated the selection of auditor at some length at the board meeting of 10th March and resolved to request Deloitte+Touche to brief them as to how their internal controls for ensuring the audit was robust despite having had the same audit partner for a number of years.
- 6.7 Deloitte's have informed us that the senior partner and much of his team are leaving during the next few months as they are transferring to another company.
- 6.8 If the Trust remains with Deloitte's for the 2008/09 work it will be overseen by a different audit partner to the one the Trust has previously had. This should go some way to address the concerns raised by some Board members about the length of time the charity has remained with the same audit provider.
- 6.9 The option of tendering for the 2008/9 accounts may present timetable problems due to the length of the tender process which would need to be started immediately. The replacement for the Head of Finance role does not commence until after the summer recess which would be too late for them to guide the initial stages of the process.
- 6.10 It is a number of years since the trustees formally reviewed the provision of external audit and a review offers an opportunity to ensure best value by tendering the service however there are a number of matters that the new Head of Finance will need to focus

on over the next few months for both the Trust and the company and as such the board may wish to consider delaying the review by a period of 12 months.

- 6.11 Since the workload is well understood by Deloitte+Touch, the existing fee charged should remain stable and be subject only to an inflationary increase.
- 6.12 In terms of risk to the Trust, the risks of remaining with the existing auditor (with a different partner) are relatively low. To embark on a tender process, give other core work lower priority and also have the potential for the additional work that having a new auditor brings is likely to be a higher risk.

7. Recommendations.

- 7.1 To re-appoint Deloitte+Touche for the 2008/9 accounts and tender for audits commencing 2009/10.

Legal and Financial Implications

- 8.1 The LBH Chief Financial Officer has been provided with a copy of this report and his comments have been sent on a separate sheet alongside this report.
- 8.2 The trust solicitor has been provided with a copy of this report.

9. Equalities Implications

- 9.1 n/a

10. Use of Appendices / Tables / Photographs

- 10.1 n/a

Comments of the London Borough of Haringey Chief Financial Officer:

Gerald Almeroth LBH CFO has been supplied a copy of this report and provided the following comment:

“The recommended approach is a sensible one given the timescales for tendering. The retention of Deloitte for a further year at similar contract rates offers continued value for money and stability before a competitive process can be undertaken.”