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Letters sent to:-

- Patrick White
(Director of Local Government Policy,
DCLG)/
- Eugene Sullivan
Chief Executive
Audit Commission

**our ref: CE/RB/JB
your ref:**

19th October 2011

Dear

Tender arrangements for External Audit

I am writing to you to express my concerns about how the Audit Commission is approaching the transitional arrangements for appointing external auditors. I understand that a number of authorities regionally are writing to you in a similar vein.

I have the following points to make:-

1. We wish to be able to make our own arrangements at the earliest possible date. We would therefore support a three year contract for the package that covers Warwickshire.
2. The contract period for the work that is currently the subject of a tendering process should be aligned with existing private sector audit contracts within Warwickshire. If this means extending the present private sector audit contracts, we would urge consideration of this. What we are keen to achieve is that, when councils have full autonomy about procurement, the option of procuring a contract for the 7 councils (and possibly other bodies in the area) should be open to us.

I should be grateful if you would indicate whether it would be possible to proceed in this way and, if so, what it might mean in practice in terms of the timetable.

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3. Although the initial procurement process is being run by the Audit Commission, we feel very strongly that Local Government representatives should be included on the interview/assessment panels that will consider the bids received. We would suggest that there should be two Senior Officers, such as a Chief Executive and Chief Finance Officer, drawn from among the Councils covered by each package, and reflecting the different types of Council that will be covered as far as possible. Apart from providing greater ownership from the Local Government community, this arrangement is likely to generate cost saving further on down the line as local authorities will have had earlier exposure to the available auditors.
4. Your timetable indicates that we will be "consulted" in 2012 about the auditors to be appointed. In reality, however, this consultation will be somewhat meaningless as there will be no choice – the award of the contract will already have been made. Given the Government's policy intention for Councils ultimately to be able to select their own auditors, it is important that the Commission works towards that by directly involving Local Government in the present selection process – albeit that we recognise that this could not be on a fully representative basis, given the size of the contract packages that are the subject of the tendering exercise. We would welcome your response to this issue as well.

I look forward to your reply on these issues.

Yours sincerely



Chris Elliott
Chief Executive

cc: Andrew Jones, Bill Hunt, Mike Snow.

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