

## **REAPPOINTMENT OF EXTERNAL AUDITORS 2020/21**

Report of the Finance Director and Company Secretary

### **1. SUMMARY**

- 1.1 The Board of Derby Homes is required to appoint external auditors annually and fix their remuneration.

### **2. RECOMMENDATION**

- 2.1 To re-appoint the current external auditors – BDO LLP for the year 2020/21.
- 2.2 The Board authorises payment of fees as follows:
- Annual audit - £21,416
  - Corporation Tax (HMRC filing and advice) - £1,270
  - IXBRL (Accounts filing with HMRC) - £1,015
- 2.3 To delegate finalisation of the fee to the Finance Director & Company Secretary for the reasons listed in 3.2 and 3.4.

### **3. MATTER FOR CONSIDERATION**

- 3.1 At the AGM, 26 November 2015, the Board agreed for a seven-year contract with BDO LLP commencing with the 2015/16 accounts. This will conclude with the 2021/22 accounts.
- 3.2 Fees proposed above, for the 2020/21 accounts, are in line with the tendered price, adjustments per 3.3 and are inclusive of an estimated September 2020 CPI increase of 1.5%. The figures will change when the actual level of inflation is known.
- 3.3 The audit fee is inclusive of additional costs (from the original tender figure) relating to extra works arising from new auditing standards from June 2016 that have added £930 to the original tender figure plus annual inflation allowances.
- 3.4 The audit in 2019/20 included substantial additional work in relation to verifying Derby Homes as a “going concern”. This was in response to enhanced audit requirements on this area relating to the increased risk of business failures generally because of the financial position faced by businesses post COVID. The audit also took significantly longer than normal and working remotely contributed towards this. BDO passed £1,000 of their additional charges onto Derby Homes. It is quite possible that similar circumstances will apply again for 2020/21 and any variation to the fee is to be delegated to the Finance Director & Company Secretary.

#### **4. FINANCIAL AND BUSINESS PLAN IMPLICATIONS**

- 4.1 The proposed fees from BDO LLP are in line with expectations, industry norms and budgeted levels.

#### **5. LEGAL AND CONFIDENTIALITY IMPLICATIONS**

- 5.1 The Board of Derby Homes is required to appoint an external auditor under the provisions of the Companies Act 2006.

The areas listed below have no implications directly arising from this report:

Consultation  
Council  
Personnel  
Environmental  
Equalities Impact Assessment  
Health & Safety  
Risk  
Policy Review

If Board Members or others would like to discuss this report ahead of the meeting please contact:

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Background Information: None

Supporting Information: None

**The contents of this report have been approved by the following:**

<b>Finance Director &amp; Company Secretary</b>	David Enticott	
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