

### **REAPPOINTMENT OF EXTERNAL AUDITORS 2023/24**

Report of the Finance Director & Company Secretary

#### **1. SUMMARY**

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

#### **2. RECOMMENDATIONS**

- 2.1 To re-appoint the current external auditors – Crowe UK for the year 2023/24.
- 2.2 The Board authorises payment of fees up to the levels as follows:
- Annual audit - £37,570
  - Preparation and submission of corporation tax return including iXBRL tagging of accounts- £2,150.
- 2.3 To delegate finalisation of the fee to the Finance Director & Company Secretary for the reasons listed in 4.2 and 4.3.

#### **3. REASONS FOR RECOMMENDATION**

- 3.1 Crowe tendered for the contract for the six years beginning 2021/22. They have now completed two audits and they have demonstrated they are competent to continue in the contract. The fee charged is fair and reasonable.

#### **4. MATTERS FOR CONSIDERATION**

- 4.1 At the Board Meeting, 19 May 2022, the Board agreed for a six-year contract with Crowe UK commencing with the 2021/22 accounts. This will conclude with the 2026/27 accounts.
- 4.2 The annual fee increase is subject to negotiation between Crowe UK and Derby Homes. In the tender submission Crowe UK stated "In future years we expect that, all things being equal, year on year fee increases would be in line with inflation."

The maximum audit fee proposed in Section 2.2, for the 2023/24 accounts, are in line with the 2022/23 charge (£34,500) plus an estimated September 2023 CPI increase of 6%. A further £1,000 has been added to enable flexibility around the CPI rate. An estimated maximum of £37,570.

The additional services (corporation tax oversight) and iXBRL accounts preparation – costs are not expected to exceed £2,150.

There is a current discussion around if Crowe are eligible (within the National Audit Office – Code of Audit Practice which the Council audit falls under) to provide both the external audit service and oversight on the corporation tax calculation. If Derby Homes are advised that the corporation tax service is required to be provided by an alternative firm – then an alternative firm will be appointed.

- 4.3 At this point in time there are no additional works required in 2023/24 that would attract additional costs, on top of the fees stated above. Should additional works be required in 2023/24, any variation to the fee is to be delegated to the Finance Director & Company Secretary.

## IMPLICATIONS

### 5. FINANCIAL AND BUSINESS PLAN IMPLICATIONS

- 5.1 The proposed fees from Crowe UK are in line with expectations, industry norms and budgeted levels.

### LEGAL AND CONFIDENTIALITY

- 6.1 The Board of Derby Homes is required to appoint an external auditor under the provisions of the Companies Act 2006.
- 6.2 There is a legal requirement for Derby Homes to file audited financial statements with:
- Regulator of Social Housing – within six months of year end – 30 September
  - Companies House – within nine months of year end – 31 December

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

Consultation  
Environmental  
Equalities Impact Assessment  
Health & Safety  
Risk  
Policy  
Personnel

For more information please contact: Helen Samuel

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Background information: None

List of appendices: None

This report has been approved by the following:

Finance Director & Company Secretary	Michael Kirk	21.08.2023
Governance (checked)	Jane Haywood	14.09.2023