

APPOINTMENT OF EXTERNAL AUDITOR

Report of the Director and Company Secretary

1. SUMMARY

This report informs the Board that the current external auditor PKF has merged with BDO to create a new company BDO LLP. As a result of this merger they are legally required to resign as auditor of Derby Homes and re-sign under the new company name. All terms are as before.

2. RECOMMENDATION

1. To note that PKF (UK) LLP had resigned as auditor of the Company on 30 May 2013.
2. To approve that BDO LLP be and are hereby appointed as auditor of the Company.

3. MATTER FOR CONSIDERATION

- 3.1 Following the merger of PKF and BDO in April 2013 a new company BDO LLP was formed. The larger company is now the 5th largest accountancy firm in the UK (PKF was previously 11th). This theoretically means there is access to greater resources within the new company than previously. Importantly the actual team undertaking the audit will remain in place; this allows the previous good working relationship to be maintained. This continuity also allows for a smoother audit as Derby Homes is familiar with the external auditor's interpretations on accounting standards, working paper requirements and the external auditor understands the systems and the activities in place within Derby Homes.
- 3.2 The current contract agreed is a three year contract to cover up to the 2015/16 audit, which is subject to review if required, following the review of housing management by Derby City Council.
- 3.3 The above was discussed by the Audit Committee on 16 April 2013. Their recommendation to the Board was to re-sign with the newly merged company BDO LLP.

4. FINANCIAL AND BUSINESS PLAN IMPLICATIONS

The previously agreed fees remain the same under the new agreement with BDO LLP.

5. LEGAL AND CONFIDENTIALITY IMPLICATIONS

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