



10 November 2006

Ms C Crawford
Clerk
Metropolitan Police Authority
Metropolitan Police Authority
10 Dean Farrar Street
London
SW1H 0NY

Received by the Clerk to the MPA

15 NOV 2006

Dear Ms Crawford,

Proposed appointment of external auditor

The Audit Commission has a statutory duty to appoint external auditors to local government and NHS bodies under section 3 of the Audit Commission Act 1998 (and section 43A of the Charities Act 1993 for NHS charities). It may, following consultation, appoint either an officer of the Commission or a private firm. Your current auditor's appointment ends with the completion of the audit of the accounts for 2006/07.

The independent appointment of external auditors is one of the fundamental principles of audit in the public sector and is a key feature of the governance and accountability arrangements for public services.

I am, therefore, writing to consult you formally under section 3(3) of the Audit Commission Act 1998 on our proposals for appointing a new auditor. We are proposing to appoint an officer of the Audit Commission (London Region) with effect from the audit of the accounts for 2007/08. The appointment would be for an initial period of one year. The Audit Commission (London Region) has nominated Mike Haworth-Maden to be the Engagement Lead and Neil Gray to be the audit manager

Background to our proposal

The Commission's policies in making appointments of external auditors are to:

- always give paramount priority to the need to maintain (and avoid possible threats to) auditor independence;
- seek, wherever possible, to rotate appointments of auditors where the audit provider (whether an officer of the Commission or a private firm) has been the same for ten years or more;

- appoint, wherever possible, the same audit provider to London borough, metropolitan and unitary councils and their coterminous PCTs; and
- seek to provide auditors with portfolios of appointments that are economically and practically viable.

Following the completion of a major procurement exercise for audit and related services from private firms in 2006, the Commission has a choice of appointing within your region either one of its own officers or Deloitte LLP and RSM Robson Rhodes LLP to Metropolitan Police Authority. A further procurement exercise is underway, and the appointment of your external auditor (whether it be an officer of the Commission or a private firm) beyond the period referred to above will be subject to a further consultation exercise at the appropriate time.

We are consulting over 900 audited bodies on the appointment of their external auditors. The Commission is keen to respond positively to concerns expressed during this process. Therefore, the proposal outlined in this letter is provisional, and may need to be revisited in the light of responses received.

The consultation process

The Commission would welcome your views on the above proposal by **Friday 22 December**. We will consider carefully all comments received and will revisit our overall proposals in light of any concerns expressed.

We, together with your current or proposed auditor or relationship manager, are happy to meet you to discuss the proposal, if that would be helpful. If you would like to take up this offer, it would be appreciated if you could contact us by **Friday 23 November**, so that we can co-ordinate meetings with other audited bodies in your area.

We will notify you by Friday 19 January 2007 of any changes affecting our proposal as a result of this initial consultation exercise, explaining our reasoning. There will then be a further opportunity for you to comment on our proposal. We will again consider carefully all comments received and will revisit our overall proposals in the light of further concerns expressed.

The Audit Commission Board will consider all proposed appointments of external auditors at its meeting scheduled for Thursday 22 March 2007. We will confirm the Commission's final decision by Friday 30 March 2007.

The appointments timetable is summarised below:

Deadline for requests for meetings	Friday 23 November 2006
Consultation with audited bodies ends	Friday 22 December 2006
Audit Commission responds to concerns, revises proposals as/if necessary and advises audited bodies by	Friday 19 January 2007
Audited bodies' final opportunity to comment on proposals ends	Friday 23 February 2007
Audit Commission Board considers proposed appointments	Thursday 22 March 2007
Appointments of external auditors confirmed by	Friday 30 March 2007

If you wish to discuss the matter further, in the first instance, please do not hesitate to contact any member of the team:

Keith Douthwaite, Head of Audit Regulation	020 7166 2354
Andrew Davies, Senior Manager, Markets and Fees	020 7166 2450
Mike Norman, Manager, Audit Appointments and Fees	020 7166 2449

You can also contact us through the dedicated email address audit-appointments@audit-commission.gov.uk. In addition, please contact your current auditor if you wish to discuss the matter with them.

We are happy to accept responses by email, via the above address, and we look forward to hearing from you shortly.

If you would like an electronic copy of this letter, please contact us via the above email address.

A copy of this letter has been forwarded to your current and proposed auditor and your relationship manager (where appropriate).

Yours sincerely



Andrew Davies
Senior Manager, Markets and Fees