

By: Deputy Leader and Cabinet Member for Finance, Corporate and Traded Services, Peter Oakford – Peter Oakford  
Corporate Director of Finance – Zena Cooke

To: Governance and Audit Committee – 30 November 2021

Subject: External Auditor appointments process

Classification: Unrestricted

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Summary: This report asks Members to agree the recommendation to opt into the national scheme for auditor appointments managed by PSAA as the appointing person and that this recommendation goes before County Council.

## **FOR AGREEMENT**

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### **1. Purpose of the report**

1.1. This report sets out proposals for appointing the external auditor to the Council for the accounts for the five-year period from 2023/24.

### **2. Background and summary**

2.1. The current auditor appointment arrangements cover the period up to and including the audit of the 2022/23 accounts. The Council opted into the 'appointing person' national auditor appointment arrangements established by Public Sector Audit Appointments (PSAA) for the period covering the accounts for 2018/19 to 2022/23.

2.2. PSAA is now undertaking a procurement for the next appointing period, covering audits for 2023/24 to 2027/28. During Autumn 2021 all local government bodies need to make important decisions about their external audit arrangements from 2023/24. They have options to arrange their own procurement and make the appointment themselves or in conjunction with other bodies, or they can join and take advantage of the national collective scheme administered by PSAA.

2.3. The report concludes that the sector-wide procurement conducted by PSAA will produce better outcomes and will be less burdensome for the Council than a procurement undertaken locally because:

- collective procurement reduces costs for the sector and for individual authorities compared to a multiplicity of smaller local procurements;
- if it does not use the national appointment arrangements, the Council will need to establish its own auditor panel with an independent chair and independent members to oversee a local auditor procurement and ongoing management of an audit contract;
- it is the best opportunity to secure the appointment of a qualified, registered auditor - there are only nine accredited local audit firms, and a local procurement would be drawing from the same limited supply of auditor resources as PSAA's national procurement; and
- supporting the sector-led body offers the best way of ensuring there is a continuing and sustainable public audit market into the medium and long term.

2.4 If the Council wishes to take advantage of the national auditor appointment arrangements, it is required under the local audit regulations to make the decision at full Council. The opt-in period starts on 22 September 2021 and closes on 11 March 2022. To opt into the national scheme from 2023/24, the Council needs to return completed opt-in documents to PSAA by 11 March 2022.

### **3. Recommendation**

3.1 That this committee agrees to forward the recommendation to County Council that the Council accepts Public Sector Audit Appointments' invitation to opt into the sector-led option for the appointment of our external auditors for five financial years from 1 April 2023.