

Report sponsor: Simon Riley, Strategic Director  
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## **Public Sector Audit Appointments Limited (PSAA)**

### **Purpose**

- 1.1 Under the Local Audit and Accountability Act 2014 and the Local Audit (Appointing Person) Regulations 2015, the Council has the option to use PSAA in respect of future appointment of its external auditor for the audit year from 1st April 2023.
- 1.2 PSAA is a not-for-profit company established by the Local Government Association. PSAA acts as the appointing person for auditors for principal government bodies, such as the Council, utilising a national appointments arrangement.
- 1.3 The Council opted into this arrangement in 2016 with the first auditor appointed for the 2018/19 financial year for a period of 5 years.
- 1.4 The Council has the opportunity to, again, opt into this arrangement for a 5-year period commencing 1<sup>st</sup> April 2023
- 1.5 It is a statutory requirement that the acceptance for PSAA to act is taken by Full Council.

### **Recommendation**

- 2.1 To accept the Audit & Governance Committee recommendation (Min 47/21) that the Council becomes an opt-in local authority for Public Sector Audit Appointments Limited to make all arrangements for the appointment of its external auditor from 1st April 2023, for a compulsory appointment time period of 5 financial years.

### **Reason**

- 3.1 The Council has a statutory requirement to ensure that robust arrangements are in place for the appointment of its external auditor and this arrangement will fulfil that requirement

## **Supporting information**

- 4.1 On 27 October 2016, the Council received an invitation from Public Sector Audit Appointments Limited (PSAA) to become an opt-in local authority for the purposes of appointment of an external audit from 1st April 2018. The compulsory appointment period is 5 consecutive financial years from 1st April 2018.
- 4.2 PSAA duly confirmed that our then current auditor – Ernst and Young – would continue in the role for a further period of 5 years ending 31 March 2023.
- 4.3 On 22 September 2021, the Council received an invitation from PSAA to retain its status as an opt-in local authority for a period of 5 years commencing 1 April 2023.
- 4.4 In summary, the benefits of this would be , thePSAA would continue to, on the Council's behalf:
  - Undertake all procurement requirements in respect of the appointment including contract management and securing the best price;
  - Monitor independence of the appointed auditor throughout the duration of the appointment and;
  - Arrange the replacement of an auditor during the appointed period if so required.
- 4.6 On 03 November 2021, Audit and Governance Committee agreed to recommend to Full Council that it becomes an opt-in local authority for Public Sector Audit Appointments Limited to make all arrangements for the appointment of its external auditor from 1st April 2023, for a compulsory appointment time period of 5 financial years.
- 4.5 It is a statutory requirement that the acceptance for PSAA to act is taken by Full Council.

## **Public/stakeholder engagement**

- 5.1 None directly arising.

## **Other options**

- 6.1 The Council could make its own arrangements for the procurement and appointment of its external auditor. It is highly likely that this would very resource intensive and incur additional costs

## **Financial and value for money issues**

- 7.1 The costs of the external auditor are to be determined upon appointment, however, opting in with PSSA ensure audit costs are regulated nationally.

## Legal implications

- 8.1 As detailed within the report, there is a statutory requirement for the Council to have arrangements in place for the appointment of an external auditor commencing on 1st April 2023. The appointment period will be 5 consecutive financial years commencing on 1st April 2023. Full Council approval is required for the acceptance of PSAA.
- 8.2 In the event that the Council does not become an opt-in authority with PSAA, separate arrangements would be required to develop a detailed specification and procurement exercise. This in itself has the potential to be resource intensive and could prove to be very costly.

## Climate implications

- 9.1 None.

## Other significant implications

- 10.1 Procurement were consulted and affirm that the arrangement complies with contract procedure rules, ensures the continued independence of the appointed auditors and maintains best value for the council. The market specialism for the procurement process does not exist within our current resource.

This report has been approved by the following people:

Role	Name	Date of sign-off
Legal	Olu Idowu, Head of Legal Services	26 November 2021
Finance	Toni Nash, Head of Finance	26 November 2021
Service Director(s)		
Report sponsor	Simon Riley, Strategic Director of Corporate Resources	26 November 2021
Other(s)		

Background papers:	
List of appendices:	Appendix 1 – Minute extract 47-21 of the meeting of the Audit and Governance Committee held on 3 November 2021