



Council	Thursday, 23 February 2017	Matter for Information and Decision
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Title: **Opting in to the National Scheme for Auditor Appointments**

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1. Introduction

- 1.1. From financial year 2018/19 local authorities are able to appoint their own external auditors. This report sets out the options available to the Council for the 2018/19 accounts and beyond, noting that the current arrangements only cover up to and including the 2017/18 audit. The Council will need to implement new arrangements in respect of the appointment of external auditors from 1 April 2018 and these arrangements will need to be in place in time to make a first appointment by 31 December 2017.
- 1.2. Regulations made under the Local Audit and Accountability Act 2014 ('the Act') allow authorities to opt in for their external auditor to be appointed by the Secretary of State as an 'appointing person'. Public Sector Audit Appointments (PSAA) has been specified by the Secretary of State as an 'appointing person'. PSAA has now formally invited the Council to opt in, along with all other local authorities, so that they can enter into a number of contracts with appropriately qualified audit firms and appoint a suitable firm to be the Council's external auditor from 1 April 2018.

2. Recommendations

That Council accepts PSAA's invitation to opt in to the sector led option for the appointment of external auditors for five financial years commencing 1 April 2018.

3. Information

- 3.1. The Council has until December 2017 to appoint its external auditors and PSAA has formally invited the Council to opt in to the national sector led body. A copy of the invitation, containing details of the PSAA offer, is attached as an appendix to this report. If the Council is to take advantage of the national scheme it needs to take the decision to enable it to accept the invitation by 9 March 2017. PSAA will commence the formal procurement process after this date. It expects to award contracts by the end of June 2017 and consult with authorities on the appointment of auditors to meet the statutory deadline of 31 December 2017.
- 3.2. The principal benefits in choosing to opt in to the sector led body are as follows:
 - PSAA will run the tendering exercise, evaluate bids, award contracts and consult on individual appointments.
 - PSAA will ensure the appointment of a suitable qualified and registered auditor.
 - PSAA will monitor contract delivery and ensure compliance with contractual, audit quality and independence requirements.
 - Large scale contracts procured through PSAA will bring economies of scale and attract keener prices from the market than smaller local contracts.
 - The overall procurement costs will be lower than if the Council were to carry out

its own procurement exercise.

- 3.3. PSAA consider the optimal length of contract to be five years. The scope of the audit will still be specified nationally as at present by the National Audit Office.

Background Documents:-

None.

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Implications	
Financial (MHo)	External auditor fees are anticipated to increase when the current contract ends on 31 March 2018 although the proposed fees for subsequent years cannot be known until after the procurement process has been completed.
Legal (AC)	Section 7 of the Act requires the Council to appoint an external auditor to audit its accounts for a financial year not later than 31 December in the preceding year.
Risk (MHo)	If the national scheme is not used some additional resources may be needed to establish an auditor panel (comprised of Members) and conduct a local procurement.
Equalities (MHo)	No significant implications.
	Equality Assessment:- <input type="checkbox"/> Initial Screening <input type="checkbox"/> Full Assessment <input checked="" type="checkbox"/> Not Applicable