

**Audit and Standards Committee – 9<sup>th</sup> February, 2017**

**Report of the Chief Executive and the Chief Officer Finance and Legal Services**

**Invitation to become an Opted-in Authority - Public Sector Audit Appointments**

**Purpose of Report**

1. To seek endorsement of proposals to opt in to the national scheme for auditor appointments.

**Background**

2. The Council's current external auditors, Grant Thornton, have been in place since financial year 2012/13 under national arrangements that were set up following the Government's decision to abolish the Audit Commission. These arrangements cover the financial years up to 2017/18. From 2018/19, the Council has the option to either appoint its own external auditors or to opt in to new national arrangements managed by Public Sector Audit Appointments Ltd (PSAA).
3. If the Council opts to appoint its own external auditors, then it will need to:
  - establish an audit panel with independent members;
  - manage the auditor procurement and cover its costs;
  - monitor the independence of the appointed auditor for the duration of the appointment;
  - deal with the replacement of any auditor if required; and
  - manage the contract with the auditor.
4. PSAA is a not for profit company established by the Local Government Association (LGA). It already has a track record in that it administers audit contracts under the current (mandatory) national arrangements. It has now been specified by the Secretary of State for Communities and Local Government as the appointing person for principal local government bodies. This means that it will be able to make auditor appointments for 2018/19 onwards to principal local government bodies that choose to opt in to the new national arrangements. Further details of the scheme are set out in the invitation to opt in (attached as Appendix 1).
5. It is anticipated that opting into the PSAA arrangements will enable the Council to secure high quality, independent, cost-effective external audit services while avoiding the costs associated with directly managing the contract. It will also give an opportunity to support collaborative working by appointing the same auditor to the Constituent Councils of the Combined Authority and to the Combined Authority itself.

6. The deadline for opting in is 9<sup>th</sup> March 2017. This matter will be considered by Cabinet on 8<sup>th</sup> February 2017 and Cabinet will be asked to make a recommendation to Full Council (27<sup>th</sup> February 2017) to opt in to the national scheme for auditor appointments.

### **Finance**

7. The current cost of external audit, including audit of grants, is approximately £175,000 per year.

### **Law**

8. The Authority is required to comply with Part 3 of the Local Audit and Accountability Act 2014 in relation to the appointment of local auditors. Section 7 of the Act requires the Authority to appoint a local auditor to audit its accounts for a financial year not later than 31 December in the preceding financial year.

Public Sector Audit Appointments Limited (PSAA) has been specified as an appointing person under the 2014 Act and the Local Audit (Appointing Person) Regulations 2015, and has the power to make auditor appointments for audits of the accounts from 2018/19 on behalf of the Authority.)

### **Equality Impact**

9. There are no equality issues arising from this report.

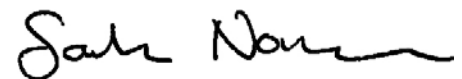
### **Recommendation**

10. It is recommended that Committee note the contents of this report and endorse the recommendation to Full Council to opt in to the national scheme for auditor appointments.



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**Sarah Norman**  
**Chief Executive**

### **List of Background Papers**

Appendix 1 – Invitation to opt in to the national scheme for auditor appointments