

Audit & Standards Committee – 7th February 2022

Report of the Chief Executive and the Director of Finance and Legal

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.

Recommendation

2. 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.

Background

3. The Council's external auditors, Grant Thornton, have been in place since financial year 2012/13, initially under compulsory arrangements that were set up following the abolition of the Audit Commission and then from 2018/19 under optional national arrangements managed by Public Sector Audit Appointments Ltd (PSAA). From 2023/24 the Council has the option of appointing its own external auditors or opting in again to the PSAA arrangements.
4. If the Council opts to appoint its own external auditors, then it will need to:
 - establish an audit panel;
 - 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.
5. PSAA is a not for profit company established by the Local Government Association (LGA). It is specified as the appointing person for principal local government

bodies. This means that it will be able to make auditor appointments for 2023/24 onwards to principal local government bodies that choose to continue to opt-in to the national arrangements. Further details of the scheme are set out in the invitation to opt in (attached as Appendix 1).

6. 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.
7. The deadline for opting in is Friday 11th March 2022. This matter will be considered by Cabinet on 17th February 2022 and Cabinet will be asked to make a recommendation to Full Council (28th February 2022) to opt-in to the national scheme for auditor appointments.

Finance

8. The current cost of external audit, including audit of grants, is approximately £203,000 per year.

Law

9. 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.)

Risk Management

10. The proposals contained in this report do not create any material risks.

Equality Impact

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

Human Resources/Organisational Development

12. There are no human resources/organisational development implications arising from this report.

Commercial/Procurement



13. Opting-in to the national arrangements will not require procurement resources.

Council Priorities

14. An effective framework of governance, risk management and internal control will assist the Council in achieving its priorities.



Iain Newman
Director of Finance & Legal

Kevin O'Keefe
Chief Executive

Contact Officer: Iain Newman
Telephone: 01384 814802
Email: iain.newman@dudley.gov.uk

List of Background Papers

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