

## **Meeting of the Cabinet – 17<sup>th</sup> 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 consider a proposal to opt in to the national scheme for auditor appointments.

#### **Recommendation**

2. It is recommended that Cabinet recommends 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 11<sup>th</sup> March 2022. Audit and Standards Committee on 7<sup>th</sup> February 2022 endorsed the proposal to recommend to Full Council (28<sup>th</sup> 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.



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**Kevin O'Keefe**  
**Chief Executive**

## **List of Background Papers**

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