

# Recommendation of the Performance and Audit Scrutiny Committee: 18 November 2021: Arrangements for Appointment of External Auditors

<b>Report number:</b>	<b>CAB/WS/21/055</b>	
<b>Report to and date(s):</b>	<b>Cabinet</b>	7 December 2021
	<b>Council</b>	14 December 2021
<b>Cabinet member:</b>	Councillor Sarah Broughton Portfolio Holder for Resources and Property Telephone: 07929 305787 Email: <a href="mailto:sarah.broughton@westsuffolk.gov.uk">sarah.broughton@westsuffolk.gov.uk</a>	
<b>Chair of the Performance and Audit Scrutiny Committee:</b>	Councillor Ian Houlder Performance and Audit Scrutiny Committee Telephone: 07597 961069 Email: <a href="mailto:ian.houlder@westsuffolk.gov.uk">ian.houlder@westsuffolk.gov.uk</a>	
<b>Lead officer:</b>	Rachael Mann Director (Resources and Property) Telephone: 01638 719245 Email: <a href="mailto:rachael.mann@westsuffolk.gov.uk">rachael.mann@westsuffolk.gov.uk</a>	

**Decisions Plan:** The decision made as a result of this report will usually be published within 48 hours. This item will be referred to Council for a final decision and is, therefore, not subject to call-in. This item is included on the Decisions Plan.

**Wards impacted:** All wards

**Recommendation:**        **Subject to the approval of Council, it is recommended to continue to 'opt-in' to the sector led body (Public Sector Audit Appointments Limited (PSAA)) for the independent appointment of the Council's external auditor, beginning with responsibilities for the financial year 2023 to 2024.**

## **1. Context to this report**

### **1.1 Arrangements for appointment of external auditors**

1.2 In September 2016, the former Forest Heath and St Edmundsbury Councils' Performance and Audit Scrutiny Committees received papers regarding the appointment of external auditors for a period of five years from 1 April 2018. The Local Audit and Accountability Act 2014 brought to a close the Audit Commission and established transitional arrangements for the appointment of external auditors, and the setting of audit fees for all local government and NHS bodies in England.

1.3 At the end of the transitional arrangements, public bodies were asked to specify their preferred method of appointing external auditors, and a sector led body (the Public Sector Audit Appointments LTD (PSAA)) was chosen.

1.4 A sector led body has the opportunity to negotiate contracts with firms nationally, maximising the opportunity for the most economic and efficient approach for procurement of external audit on behalf of the whole sector. The scheme was designed to save time and resources for local government bodies and, through collective procurement, secure the best prices without compromising on audit quality.

1.5 West Suffolk Council agreed to continue to use the PSAA (Report number: [COU/SA/18/010](#) - Appointment of External Auditors) as its route to select its external auditors Ernst and Young for the remaining term of the five years from 1 April 2019 (ending the financial year 2022 to 2023).

1.6 The Committee received Report number: PAS/WS/21/021, which asked the Committee to consider options available for the appointing process for external auditors from 2023 to 2024. The Council could choose one of the following options:

1. Procurement via PSAA;
2. Establish a stand-alone appointment; or
3. Set up a joint auditor panel/local joint procurement arrangements.

1.7 Legislation requires a resolution of Council if a local authority wishes to opt into the national arrangement (the PSAA). The practical deadline for this decision is 11 March 2022.

1.8 The report set out in detail the advantages and disadvantages for each of the three options and legal implications.

1.9 The Committee was advised that opting into the PSAA arrangements for the appointing process would be the best option to work alongside other Councils and influence a particularly difficult market.

#### 1.10 **Performance and Audit Scrutiny Committee**

1.11 The Performance and Audit Scrutiny Committee scrutinised the report in detail and asked a number of questions to which officers duly responded. In particular the Committee asked how the PSAA process worked, to which officers explained the process was carried out in lots last time through a national procurement process, which was considered a guarantee for a good quality audit service.

1.12 The Performance and Audit Scrutiny Committee has put forward a recommendation as set out on page one of this report.

### **2. Alternative options that have been considered**

2.1 See Report number: [PAS/WS/21/021](#)

### **3. Consultation and engagement undertaken**

3.1 Not applicable.

### **4. Risks associated with the proposals**

4.1 See Report number: [PAS/WS/21/021](#)

### **5. Implications arising from the proposals**

5.1 Financial: See Report number: [PAS/WS/21/021](#)

### **6. Appendices referenced in this report**

6.1 None.

### **7. Background documents associated with this report**

7.1 Report number: [PAS/WS/21/021](#)