



**Audit and Risk Management Committee
Tuesday, 22 November 2016**

REPORT TITLE:	ARRANGEMENTS FOR THE APPOINTMENT OF EXTERNAL AUDITORS
REPORT OF:	ASSISTANT DIRECTOR : FINANCE

REPORT SUMMARY

This report updates Members on the requirements of the Local Audit Accountability Act 2014 regarding public sector external audit appointments as detailed in the report to this Committee in September 2016.

Following endorsement of the recommended approach to adopt the Local Government Association's national sector led body, Public Sector Audit Appointments Ltd (PSAA) a formal acceptance of this is required by the Council before 31 March 2017.

RECOMMENDATION

Members are requested to recommend to Cabinet formal acceptance of the Local Government Associations national sector led approach (PSAA) for the appointment of external auditors.

SUPPORTING INFORMATION

1.0 REASON FOR RECOMMENDATION

- 1.1 Following endorsement of the Local Government Associations national sector led approach by this Committee in September 2016 correspondence has subsequently been received from the body set up by them to administer this, the Public Sector Audit Appointments (PSAA) requesting a formal opt in by the Council as detailed in the attached appendix.

2.0 OTHER OPTIONS CONSIDERED

- 2.1 All options evaluated in report to this Committee in September 2016.

3.0 BACKGROUND INFORMATION

- 3.1 All relevant background information included in report to this Committee in September 2016.

4.0 FINANCIAL IMPLICATIONS

- 4.1 Current external fees levels are likely to increase when the current contracts end in 2018.
- 4.2 Opting-in to a national sector led body provides maximum opportunity to limit the extent of any increases by entering in to a large scale collective procurement arrangement and removes the costs of establishing an auditor panel

5.0 LEGAL IMPLICATIONS

- 5.1 Section 7 of the Local Audit and Accountability Act 2014 (the Act) requires a relevant authority to appoint a local auditor to audit its accounts for a financial year not later than 31 December in the preceding year. Section 8 governs the procedure for appointment including that the authority must consult and take account of the advice of its auditor panel on the selection and appointment of a local auditor. Section 8 provides that where a relevant authority is a local authority operating executive arrangements, the function of appointing a local auditor to audit its accounts is not the responsibility of an executive of the authority under those arrangements;
- 5.2 Section 12 makes provision for the failure to appoint a local auditor: the authority must immediately inform the Secretary of State, who may direct the authority to appoint the auditor named in the direction or appoint a local auditor on behalf of the authority.

6.0 RESOURCE IMPLICATIONS: ICT, STAFFING AND ASSETS

6.1 There are none for this report.

7.0 RELEVANT RISKS

7.1 There is no immediate risk to the Council, however, early opt in by the Council will enable detailed planning to take place so as to achieve successful transition to the new arrangement in a timely and efficient manner.

7.2 Providing the LGA with an early decision will enable the LGA to invest in developing appropriate arrangements to support the Council.

8.0 ENGAGEMENT/CONSULTATION

8.1 Members of this Committee have been consulted regarding this process.

9.0 EQUALITY IMPLICATIONS

9.1 There are none for this report.

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APPENDICES

Invitation to opt in to the National Scheme for auditor appointments

REFERENCE MATERIAL

SUBJECT HISTORY (last 3 years)

Council Meeting	Date
Audit and Risk Management Committee	26 September 2016