

# Appointment of External Auditors

## Audit & Scrutiny Committee Thursday, 27 January 2022

Report of: Anna D'Alessandro Interim Chief Finance Officer and Section 151 Officer [ADAlessandro@tandridge.gov.uk](mailto:ADAlessandro@tandridge.gov.uk)

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Purpose: To appoint the external Auditor for the accounts for the five-year period from 2023/24

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Publication status: Unrestricted

Wards affected: All

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### Executive summary:

The current auditor appointment arrangements cover the period up to and including the audit of the 2022/23 accounts. The Council opted into the 'appointing person' national auditor appointment arrangements established by Public Sector Audit Appointments (PSAA) for the period covering the accounts for 2018/19 to 2022/23.

PSAA is now undertaking a procurement for the next appointing period, covering audits for 2023/24 to 2027/28. During Autumn 2021 all local government bodies need to make important decisions about their external audit arrangements from 2023/24. They have options to arrange their own procurement and make the appointment themselves or in conjunction with other bodies, or they can join and take advantage of the national collective scheme administered by PSAA.

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**This report supports the Council's priority of:** Building a better Council

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## **Recommendation to Committee:**

It is recommended that the Committee accepts Public Sector Audit Appointments' invitation to opt into the sector-led option for the appointment of external auditors to principal local government and police bodies for five financial years from 1 April 2023.

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## **Reason for recommendation:**

If the Council wishes to take advantage of the national auditor appointment arrangements, it is required under the local audit regulations to approve the recommendation at Full Council. The opt-in period starts on 22 September 2021 and closes on 11 March 2022. To opt into the national scheme from 2023/24, the Council needs to return completed opt-in documents to PSAA by 11 March 2022.

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## **Introduction and background**

- 1 This agenda item was originally brought to the Audit & Scrutiny Committee on 2 November 2021. A copy of the original report is attached at Appendix A for ease of reference. At the meeting, the Committee resolved to defer the item to allow for further statistical and cost information to be provided to assist with the decision-making process.
- 2 Following a meeting with the Chair and Vice Chair of this committee, a briefing note was prepared and finalised. A copy of this note is attached at Appendix B for the committee to assist with their decision as to whether to accept the invitation from the PSAA to opt into the sector-led option for the appointment of external auditors to principal local government and police bodies for five financial years from 1 April 2023.
- 3 As per the conclusion in the previous committee report, it is recommended that the Committee accepts Public Sector Audit Appointments' invitation to opt into the sector-led option for the appointment of external auditors to principal local government and police bodies for five financial years from 1 April 2023.

## **Other options considered**

- 4 Other options are set out and explained in the previous committee report attached at Appendix A.

## **Key implications**

### **Comments of the Chief Finance Officer**

There is a risk that current external audit fee levels could increase when the current contracts end. It is clear that the scope of audit has increased, requiring more audit work. There are also concerns about capacity and sustainability in the local audit market.

Opting into a national scheme provides maximum opportunity to ensure fees are as realistic as possible, while ensuring the quality of audit is maintained, by entering into a large-scale collective procurement arrangement.

### **Comments of the Head of Legal Services**

Section 7 of the Local Audit and Accountability Act 2014 requires the Council 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 Council must consult and take account of the advice of its auditor panel on the selection and appointment of a local auditor.

Section 12 makes provision for the failure to appoint a local auditor. The Council would have to immediately inform the Secretary of State, who may direct it to appoint the auditor named in the direction or appoint a local auditor on behalf of the Council.

Section 17 gives the Secretary of State the power to make regulations in relation to an 'appointing person' specified by the Secretary of State. This power has been exercised in the Local Audit (Appointing Person) Regulations 2015 (SI 192) and this gives the Secretary of State the ability to enable a sector-led body to become the appointing person. In July 2016 the Secretary of State specified PSAA as the appointing person.

### **Risk Management Implications**

The principal risks are that Tandridge Council:

- fails to appoint an auditor in accordance with the requirements and timing specified in local audit legislation; or
- does not achieve value for money in the appointment process

These risks are considered best mitigated by opting into the sector-led approach through PSAA.

### **Equality**

There are no direct equalities implications of this report

### **Climate change**

There are no significant environmental / sustainability implications associated with this report.

## **Appendices**

Appendix A – 2 November 2021 Committee Report

Appendix B – Tandridge Briefing Note - PSAA

## **Background papers**

None

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