

APPOINTMENT OF EXTERNAL AUDITORS FROM 2023/24

Head of Service:	Brendan Bradley, Head of Finance
Wards affected:	(All Wards);
Urgent Decision?	No
If yes, reason urgent decision required:	A decision by Full Council is required by 11 March.
Appendices (attached):	<ol style="list-style-type: none">1. Minutes of Audit, Crime & Disorder and Scrutiny Committee, 18 November 2021.2. Report to Audit, Crime & Disorder and Scrutiny Committee, 18 November 2021.

Summary

This report sets out proposals for appointing the external auditor to the Council for the accounts for the five-year period from 2023/24.

Recommendation (s)

The Committee is asked to:

- (1) Agree with Audit, Crime & Disorder and Scrutiny Committee's decision, to recommend to Full Council that EEBC should accept Public Sector Audit Appointments' invitation to opt into the sector-led option for the appointment of external auditors to principal local government bodies for five financial years from 1 April 2023.**

1 Reason for Recommendation

- 1.1 The recommendation will enable the Council to meet its statutory duty, under the Local Government Audit and Accountability Act 2014, to appoint an auditor to audit its accounts for each financial year.

2 Background

- 2.1 On 18 November 2021, Audit, Crime & Disorder and Scrutiny (ACDS) Committee considered the options available for appointing the Council's external auditor for the five financial years from 1 April 2023.

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- 2.2 Following consideration of the options, ACDS Committee recommended that the Council should accept an invitation from Public Sector Audit Appointments' (PSAA) to opt into the sector-led option for the appointment of external auditors to principal local government bodies for five financial years from 1 April 2023.
- 2.3 The minutes and report to ACDS Committee, which set out the full reasons for this recommendation, are attached at Appendices 1 and 2.
- 2.4 In summary, joining the sector-wide procurement of external auditors, conducted by PSAA, will produce better outcomes and will be less burdensome for the Council than a procurement undertaken locally because:
 - 2.4.1 Collective procurement reduces costs for the sector and for individual authorities compared to a multiplicity of smaller local procurements;
 - 2.4.2 If it does not use the national appointment arrangements, the Council will need to establish its own auditor panel with an independent chair and independent members to oversee a local auditor procurement and ongoing management of an audit contract;
 - 2.4.3 It provides the best opportunity to secure the appointment of a qualified, registered auditor - there are only nine accredited local audit firms, and a local procurement would be drawing from the same limited supply of auditor resources as PSAA's national procurement; and
 - 2.4.4 Supporting the sector-led body offers the best way of ensuring there is a continuing and sustainable public audit market into the medium and long term.
- 2.5 The recommended approach is therefore to opt in to the national auditor appointment scheme.
- 2.6 If the Council wishes to take advantage of the national auditor appointment arrangements, it is required under the local audit regulations to make the decision at full Council. The opt-in period 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.
- 2.7 This report requests that Strategy & Resources Committee support the Audit, Crime & Disorder and Scrutiny Committee's decision to recommend, to Full Council, that the Council should accept Public Sector Audit Appointments' invitation to opt into the sector-led option for the appointment of external auditors to principal local government bodies for five financial years from 1 April 2023.

3 Risk Assessment

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Legal or other duties

3.1 Impact Assessment

3.1.1 As set-out in the report to Audit, Crime & Disorder and Scrutiny Committee, 18 November 2021.

3.2 Crime & Disorder

3.2.1 None.

3.3 Safeguarding

3.3.1 None.

3.4 Dependencies

3.4.1 None.

3.5 Other

3.5.1 None.

4 Financial Implications

4.1 Financial implications are set-out in Appendix 2 – the report to Audit, Crime & Disorder and Scrutiny Committee, 18 November 2021.

4.2 **Section 151 Officer's comments:** *As set-out in the report, opting in to the PSAA-led appointment process is expected to offer the most value for money route in the procurement of an external auditor.*

5 Legal Implications

5.1 Legal implications are set-out in Appendix 2 – the report to Audit, Crime & Disorder and Scrutiny Committee, 18 November 2021.

5.2 **Legal Officer's comments:** None arising from the contents of this report.

6 Policies, Plans & Partnerships

6.1 **Council's Key Priorities:** The following Key Priorities are engaged: Effective Council.

6.2 **Service Plans:** The matter is included within the current Service Delivery Plan.

6.3 **Climate & Environmental Impact of recommendations:** None.

6.4 **Sustainability Policy & Community Safety Implications:** None.

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6.5 **Partnerships:** None.

7 **Background papers**

7.1 The documents referred to in compiling this report are as follows:

Previous reports:

- APPOINTMENT OF EXTERNAL AUDITORS FROM 2023/24 - Audit, Crime & Disorder and Scrutiny Committee, 18 November 2021.

Other papers:

- None.