

Agenda item 3

Report title	National scheme for local auditor appointments	AGS / 01 / 22
Report to Audit, Governance and Standards Committee		
Report author: Nicole Wood, Executive Director, Corporate Services		
Date of meeting: 31 January 2022		For: Decision
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Divisions affected: All Essex		

1 Purpose of report

- 1.1 The purpose of this report is to seek confirmation that the Committee wishes to recommend to Full Council that we opt into the PSAA's appointing scheme for external audit contracts due to start from 1 April 2023.

2 Recommendations

- 2.1 That the Committee recommends to Full Council that we opt into the PSAA's national procurement arrangement for auditor appointments for contracts due to start from 1 April 2023 and covering the audit of accounts for the financial years 2023/24 to 2027/28.

3 Background

- 3.1 As reported to the Committee on **13 December 2021 (AGS / 24 / 21)**, the Council must decide whether to:
- Opt into the Public Sector Auditor Appointments Ltd (PSAA) national scheme for auditor appointments for external audit contracts commencing on **1 April 2023** (and covering the audit of accounts for the financial years 2023/24 to 2027/28); or
 - Arrange its own procurement and make an auditor appointment itself or in conjunction with other bodies.
- 3.2 Legislation requires a resolution of Full Council if the Council wishes to opt into the national procurement arrangement. The deadline for this decision is **11 March 2022**. Failure to make a formal decision by this date is deemed to be a decision by the Council to procure its own external auditor.
- 3.3 When the committee considered the report in December 2021 it wanted to seek the views of the Essex Pension Fund Strategy Board before making a final recommendation.

- 3.4** The Essex Pension Fund Strategy Board discussed the matter at its meeting on **15 December 2021** and, after some deliberation, agreed to support the recommendation that the Council opts into the PSAA National Appointing Scheme. A note from the Chairman of the Board is at appendix A to the report.

4 Policy context and Outcomes Framework

- 4.1** The external audit of the Council's annual statement of accounts, and of its arrangements to secure value for money in the use of resources, provides assurance that taxpayers' money has been well managed and properly accounted for; this is one of the cornerstones of public accountability

5 Financial Implications

- 5.1** Whilst it is possible that, if the Council conducts its own procurement, it may be able to negotiate a lower audit fee than the scale fees determined by the PSAA, these savings may not be sufficient to cover the costs associated with conducting a separate procurement and constituting and maintaining an independent auditor panel.

6 Legal Implications

- 6.1** Under regulation 19 of the Local Audit (Appointing Persons) Regulations 2015 the decision to become an opted in authority must be taken at a meeting of the Full Council. Procurement of an auditor itself is possible but involves the setting up of a local auditor panel which involves the recruitment of independent persons following a rather laborious process. More details about this were in the original report given to the Committee in December 2021 and can be supplied by the monitoring officer.

7 Staffing and other resource implications

- 7.1** If the Council decides to conduct its own auditor procurement, it will need to undertake the procurement process and subsequent contract management, recruit independent members to an auditor panel and organise Panel meetings. None of this activity will be required if the Council opts into the PSAA national procurement arrangement.

8 Appendices

- 8.1** **Appendix A** – Note from the Chairman of the Essex Pension Fund Strategy Board.

9 List of Background Papers

- 9.1** Report to the Audit, Governance and Standards Committee on 13 December 2021 on the National scheme for local auditor appointments (AGS/24/21).

- 9.2** PSAA Prospectus: The national scheme for local auditor appointments:
<https://www.psaa.co.uk/wp-content/uploads/2021/11/Prospectus-2023-and-beyond-FINAL.pdf>