



**Chief Executive  
Civic Offices  
Harlington Way  
Fleet  
Hampshire  
GU51 4AE**

## **URGENT DECISION BY DELEGATED AUTHORITY**

**REPORT TITLE:** APPOINTMENT OF PSAA TO APPOINT EXTERNAL AUDITORS

**PORTFOLIO:** FINANCE AND AUDIT COMMITTEE

**DELEGATED POWER:** CLLR CHRIS AXAM AND CLLR JAMES RADLEY

**KEY DECISION:** NO

### **DECISION**

To continue to appoint Public Sector Audit Appointments to procure our external audit services on our behalf. This is a continuation of existing arrangements.

**PAPER ATTACHED** YES

### **REASON FOR DECISION**

The decision needs to be made by 11<sup>th</sup> March 2022. The next Audit Committee will be after this date.

### **ALTERNATIVE OPTIONS CONSIDERED AND REJECTED WHEN THIS DECISION WAS MADE**

The option of not using PSAA is to carry out a procurement process to procure Auditors. If we do this then we are not protected by PSAA price caps or quality assurance of the work involved.

**WHO HAS BEEN CONSULTED?**

**HAS ANY CONFLICT OF INTEREST BEEN DECLARED BY AN EXECUTIVE MEMBER WHO HAS BEEN CONSULTED** YES \ NO

**IF YES, HAS A DISPENSATION BEEN GRANTED?**

**RESOURCE/ RISK/ CRIME AND DISORDER IMPLICATIONS:**

None identified
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**BACKGROUND PAPERS ATTACHED**

**(Please ensure that you attach sufficient information to support the decision.)**

	<b>Date:</b>	<b>Signed:</b>
<b>CABINET MEMBER:</b>	20/02/22	James Radley
<b>JOINT CHIEF EXECUTIVE</b>	20/02/22	Patricia Hughes
<b>S 151 OFFICER (Head of Finance)</b>	20/02/22	Emma Foy

<b>This report is confidential / exempt (<i>only complete if necessary</i>)</b>	
<b>PROPER OFFICER:</b>	<b>DATE:</b>

**NOTES:**

- The decision cannot be implemented for 5 clear working days to give Members the opportunity for 'Call In'.**
- If a key decision, the report must be available for public inspection on the website ([www.hart.gov.uk](http://www.hart.gov.uk)) for at least 28 days before the decision is made, unless a special extension has been agreed, and the Chairman of the Scrutiny Committee given a copy as soon as practicable.
- This record will be made available for public inspection as soon as practicable unless certified as being confidential or exempt.

## **URGENT DECISION BY DELEGATED AUTHORITY**

**DATE:** 21 FEBRUARY 2022

**TITLE OF REPORT:** APPOINTMENT OF EXTERNAL AUDITOR

**Report of:** Head of Corporate Services

**Cabinet Member:** Councillor James Radley – Finance  
Councillor Chris Axam – Chair of Audit Committee

### **1 PURPOSE OF REPORT**

1.1 The purpose of this report is to appoint Public Sector Audit Appointments to appoint the Council's External Auditors.

### **2 OFFICER RECOMMENDATION**

2.1 That this Council opts into the appointing person arrangements made by Public Sector Audit Appointments (PSAA) for the appointment of external auditors from 2022/23 to 2027/28.

### **3 BACKGROUND**

3.1 The Local Audit and Accountability Act 2014 requires authorities to either opt into the appointing person regime or to establish an auditor panel and conduct their own procurement exercise. This must be confirmed by the 12<sup>th</sup> of March 2022.

3.2 The current contract which ran for the audit years 2018/19 to 2022/23 was arranged by Public Sector Audit Appointments (PSAA). The PSAA is a company incorporate by the Local Government Association and appointed by the Department for Levelling Up, Housing Communities and Local Government in July 2016 to be the appointing person for principal local government and police bodies audits from 2018/19 under the provision of the Local Audit and Accountability Act 2014 and the Local Audit (Appointing Persons) Regulations 2015.

3.3 The Council has now received an invitation from PSAA for the Council to opt-in to the procurement of external auditors for the financial years 2023/24 to 2027/28 officers. In order for the opt-in to occur, a decision of Council is required by the and by the deadline of 12th March 2022.

3.4 PSAA are a private company set up by the Local Government Association, following the abolition of the Audit Commission. The PSAA's role is to

- Appoint auditors
- Set fees
- Monitor compliance and quality

- 3.5 If the Council were not to opt-in to this scheme the alternative would be to seek a joint procurement with willing neighbouring authorities, or seek to procure independently, inevitably this would require resources;
- to create a specification
  - to initiate and administering a tender process
  - to set a fee structure for the audits
  - to ensure ongoing monitoring and management of audit organisations
- 3.6 Previously the PSAA has been able to appoint the same auditors to all authorities signed up to the 5 Councils arrangements. This has ensured consistent knowledge over contractual arrangements, value for money of the contract and use of the Integra Financial System.
- 3.7 The main advantages of opting into the scheme are:
- Transparent and independent auditor appointment via a third party;
  - The best opportunity to secure the appointment of a qualified registered auditor;
  - The appointment, if possible, of the same auditors to bodies involved in significant collaboration/joint working initiatives, if the Council believes that it will enhance efficiency;
  - On-going management of any independence issues which may arise;
  - Access to specialist PSAA team with significant experience of working within the context of the relevant regulations to appoint auditors, managing contracts with audit firms, and setting and determining audit fees;
  - Collective efficiency savings for the sector through undertaking one major procurement as opposed to a multiplicity of smaller procurements;
  - Concerted efforts to work with other stakeholders to develop a more sustainable local audit market.
- 3.8 Regulation 19 of the Local Audit (Appointing Person) Regulations 2015 requires that a decision to opt in must be made by Full Council (authority meeting as a whole).
- 3.9 Current External Audit Contract and Performance Since 2018/19 there have been significant delays in the completion of audits. (Only 9% of 2020/21 Audits were signed off by the 30th September), contributed to concerns around the effectiveness of the local audit regime. An independent review has been undertaken, by Sir Tony Redmond, into the arrangements in place to support the transparency and quality of local authority financial reporting and external audit in England. The Government has recently announced measures to improve local audit delays.

## **4 CONSIDERATIONS**

### **4.1 FINANCIAL IMPLICATIONS**

External Audit Fees are a mandatory cost and budget will be provided.

## 4.2 **MANAGEMENT OF RISK, EQUALITIES AND CLIMATE CHANGE**

There are no specifically identified risks relating to the appointment of PSAA. No risks regarding equalities or direct climate change implications have been identified

## 5 **CONCLUSIONS**

Council accepts the invitation of opting in to the PSAA sector led option for the appointment of external auditors for the period 2023/24 to 2027/28.

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