

9. APPOINTMENT OF EXTERNAL AUDITORS

REPORT OF: Head of Corporate Resources
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Wards Affected: All
Key Decision: No
Report to: Council
1st March 2017

Purpose of the Report

1. By 31st December 2017 the Council has to appoint new external auditors to audit its accounts from the 2018/19 financial year onwards. The Council can make this appointment on its own, with partners or through a national collective scheme. .
2. The Council has received an invitation to opt into the national collective scheme run by Public Sector Audit Appointments Limited (PSAA Ltd) to appoint the external auditors and manage the contract. The Audit Committee has considered this invite and is recommending to Council that this invitation be accepted by the close date of 9th March.

Recommendation

3. **That the Council accepts the invitation to procure a new auditor as part of the national offer through PSAA Ltd.**
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Background

4. This is new legislation which requires us to appoint new external auditors to audit our accounts from the 2018/19 financial year. Whilst it would be possible to do this as an individual authority it is felt that the disadvantages outweigh the benefits of so doing. The Audit Committee received a report on the advantages and disadvantages of this and unanimously decided to recommend that the Council take the approach recommended.
5. Public Sector Audit Appointments Ltd are offering a procurement approach that includes:

- following the OJEU restricted procedure.
 - a 5 year contract length.
 - two or three contract areas (likely to be contiguous geographically);
 - awarding lots to the most economically advantageous tenders;
 - graduating lot size to reward the better tenders with larger volumes of work;
 - awarding no more than one lot per area to any successful supplier to support independence locally;
 - maximising the number of firms invited to tender aligned to the volume of principal authorities that opt in, by applying a framework of rules and evaluation criteria which will ensure multiple suppliers in each geographical area and which will avoid undue dominance across the areas and lots as a whole.
6. This procurement approach has a number of attractions to us such as:
- Avoids the substantial cost and time involved in carrying out an EU procurement exercise itself.
 - Is likely to give us a better price and quality mix than we could achieve by tendering alone in a market with a lot of buying and only a limited number of suppliers.
 - Gives us assurance we will have a qualified, registered and independent external auditor appointed on time.
 - Avoids the cost of setting up an auditor panel to manage the contract while providing professional ongoing management of the contract on our behalf.
7. Most local authorities are accepting the invitation; for the reasons given above.

Next Steps

8. This report recommends the Council accepts the invitation to become an opted in authority.
9. The Head of Corporate Services will action that acceptance, and then act as the client contact for the procurement..

Other Options Considered

10. Appointing our own auditor was considered but rejected because there are 493 Councils seeking new auditors in the same time frame and the cost of following an OJEU process would be disproportionate to the benefit to be derived.
11. We could, theoretically, appoint auditors jointly with other Councils. In discussion with the West Sussex Chief Finance Officers all propose to recommend joining the PSAA Ltd national procurement so there is no scope for a local option. The Council has not been notified of any other partnerships we would be eligible to join.

Financial Implications

12. None. The procurement will be performed at nil cost to the authority.

Risk Management Implications

13. None. The procurement carries little risk and demonstrably less than carrying out our own procurement.

Equality and Customer Service Implications

14. There are no specific equality or customer services issues arising from this decision. In its use of lots, mostly regionally based, PSAA Ltd is seeking to ensure the best possible local access to the work without undermining the pressure to achieve value for money from the service.

Background Papers

- None