

Agenda Item 5

TABLED PAPER

COUNCIL – 2 MARCH 2022

PROCUREMENT OF AN EXTERNAL AUDITOR

REPORT OF: HEAD OF CORPORATE RESOURCES
Contact Officer: Peter Stuart
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Wards Affected: None
Key Decision: No
Report to: Council
Date of meeting 2nd March 2022

Purpose of Report

1. This report recommends that the Council takes part in a nationwide procurement run by the Public Sector Audit Appointments Ltd (PSAA) for its external auditor rather than conducting its own procurement

Recommendations

2. **The Council is recommended to:**
 - (i) **join in the nationwide PSAA procurement for an external auditor with the contract starting 1st April 2023 and running to 2028;**
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Background

3. With the demise of the Audit Commission in 2015, local authority external auditors were appointed by the PSAA. That proved to be an effective and efficient route to their appointment.
4. However, to open up the market it is now possible to opt out of this arrangement and procure our auditor from the general market, subject to their meeting certain audit standards. The criteria for suitability does restrict the procurement to a small number of firms most of which are not 'high street' accountants.
5. Our present auditor, EY plc, were appointed through the PSAA in 2015 and the arrangement has worked well until recently when a combination of the pandemic and increasing audit standards has led to problems of timeliness of reporting across the sector. Members will have read of such issues in the national press, and note that this has affected all the large audit firms equally.
6. We are now being asked to consider joining the PSAA procurement again to select our auditor, with the alternative being a unilateral procurement of an audit contract.
7. Such a unilateral procurement would be time-consuming and resource intensive and quite possibly end up with the very same result as the national procurement, given that the selection criteria and required deliverables are going to be similar. There would also be the risk that the pricing would be less keen as a standalone, smaller contract, but this is not certain.
8. In the circumstances therefore the Council is asked to endorse the approach outlined within this paper and join in with the national procurement run by the PSAA.

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9. The Audit Committee considered this matter at its meeting of 1st March 2022 and endorsed the approach outlined.

Policy Context

10. The requirement to appoint an external auditor is set in statute.

Other Options Considered

11. The report outlines the alternative approach and discounts that for reasons of efficiency.

Financial Implications

12. The budget for the external audit stands at £45k. In the event that the procurement leads to a variance this would generate a pressure or saving to the revenue budget.

Risk Management Implications

13. None. The PSAA procurement represents the lower risk approach.

Equality and Customer Service Implications

14. None.

Other Material Implications

15. None.

Sustainability Implications

16. None

Background Papers

- None