



Derby City Council

**AUDIT & ACCOUNTS COMMITTEE**  
**30<sup>th</sup> November 2016**

**ITEM 15**

Report of the Chief Executive & Head of Paid Service

**Public Sector Audit Appointments Limited**

**SUMMARY**

- 1.1 Under the Local Audit and Accountability Act 2014 and the Local Audit (Appointing Person) Regulations 2015, the Council has the option in respect of future appointment of its external auditor for the audit year from 1<sup>st</sup> April 2018.
- 1.2 Public Sector Audit Appointments Limited (hereafter referred to as the PSAA) is a not for profit company established by the Local Government Association. PSAA is currently supporting audits appointed by the Audit Commission and going forward will act as the appointing person for auditors for principal government bodies, such as the Council, utilising a national appointments arrangements. However in order to benefit from this appointment process, the Council must submit a signed acceptance to PSAA by 9<sup>th</sup> March 2017.
- 1.3 It is a statutory requirement that the acceptance for PSAA to act is taken by Full Council.
- 1.4 Auditor appointments for the audit of accounts 2018/2019 financial year must be confirmed by 31<sup>st</sup> December 2017.

**RECOMMENDATION**

- 2.1 To recommend to Full Council that the Council becomes an opt-in local authority for Public Sector Audit Appointments Limited to make all arrangements for the appointment of its external auditor from 1<sup>st</sup> April 2018, for a compulsory appointment time period of 5 financial years.

**REASONS FOR RECOMMENDATION**

- 3.1 The Council has a statutory requirement to ensure that robust arrangements are in place for the appointment of its external auditor.

## SUPPORTING INFORMATION

- 4.1 On 27<sup>th</sup> October 2016, the Council received an invitation from Public Sector Audit Appointments Limited (PSAA) to become an opt-in local authority for the purposes of appointment of an external audit from 1<sup>st</sup> April 2018. The compulsory appointment period is 5 consecutive financial years from 1<sup>st</sup> April 2018
- 4.2 PSAA has provided information about the appointment of auditors using the national arrangements and this appears at Appendix Two of this report.
- 4.3 In summary, PSAA would, on the Council's behalf:
- Undertake all procurement requirements in respect of the appointment including contract management and securing the best price;
  - Monitor independence of the appointed auditor throughout the duration of the appointment and
  - Deal with the replacement of an auditor during the appointed period if so required.

## OTHER OPTIONS CONSIDERED

- 5.1 The Council could make its own arrangements for the procurement and appointment of its external auditor. It is highly likely that this would very resource intensive and could prove to be very costly.

This report has been approved by the following officers:

<b>Legal officer</b> <b>Financial officer</b> <b>Human Resources officer</b> <b>Estates/Property officer</b> <b>Service Director(s)</b> <b>Other(s)</b>	Janie Berry, Director of Governance & Monitoring Officer Martyn Marples, Director of Finance & s151 Officer  Paul Robinson, Chief Executive & Head of Paid Service Richard Boneham, Head of Governance & Assurance
<b>For more information contact:</b> <b>Background papers:</b> <b>List of appendices:</b>	Janie Berry 01332 643616 <a href="mailto:janie.berry@derby.gov.uk">janie.berry@derby.gov.uk</a> Local Audit & Accountability Act 2014; Local Audit (Appointing Person) Regulations 2015 Appendix 1 – Implications Appendix 2 – Invitation from PSAA dated 27 <sup>th</sup> October 2016

<b>IMPLICATIONS</b>
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**Financial and Value for Money**

- 1.1 The costs of the external auditor are to be determined upon appointment however opting in with PSSA will attract overall cost savings for the council.

**Legal**

- 2.1 As detailed within the report, there is a statutory requirement for the Council to have arrangements in place for the appointment of an external auditor commencing on 1<sup>st</sup> April 2018. The appointment period will be 5 consecutive financial years commencing on 1<sup>st</sup> April 2018. Full Council approval is required for the acceptance of PSAA.
- 2.2 In the event that the Council does not become an opt-in authority with PSAA, separate arrangements would be required to develop a detailed specification and procurement exercise. This in itself has the potential to be resource intensive and could prove to be very costly.

**Personnel**

- 3.1 Not applicable

**IT**

- 4.1 Not applicable

**Equalities Impact**

- 5.1 Not applicable

**Health and Safety**

- 6.1 Not applicable

**Environmental Sustainability**

- 7.1 Not applicable

### **Property and Asset Management**

- 8.1 The valuation of the Council's assets is a fundamental element of the audit of accounts.

### **Risk Management and Safeguarding**

- 9.1 Not applicable.

### **Corporate objectives and priorities for change**

- 10.1 The Council is required to act with integrity and transparency to ensure robust governance arrangements are in place.