

Executive Committee

9 February 2017

External Auditor Appointment

For Recommendation To Council

Portfolio Holder

Cllr P Barrowcliff - Corporate

Senior Leadership Team Contact:

J Vaughan, Strategic Director

Report Author:

J Vaughan, Strategic Director

Statutory Authority

Section 7 of the Local Audit and Accountability Act 2014 (the Act) requires a relevant authority to appoint a local auditor to audit its accounts for a financial year not later than 31 December in the preceding year.

Purpose of Report

1. To agree the process for the appointment of external auditors following the closure of the Audit Commission and the end of the transitional arrangements at the conclusion of the 2017/18 audits.

Officer Recommendations

2. That the Committee RECOMMEND to Council that West Dorset District Council opts into the appointing person arrangements made by Public Sector Audit Appointments (PSAA) for the appointment of external auditors.
3. That the Committee RECOMMEND it delegates to the Strategic Director for Finance, responsibility to ensure that the District Council is active in supporting delivery of best value for money arrangements in light of LGR arrangements yet to be confirmed.

Reason for Decision

4. To appoint external auditors.

Background and Reason Decision Needed

5. Following the demise of the Audit Commission new arrangements were needed for the appointment of external auditors. The Local Audit and Accountability Act 2014 requires authorities to either opt in to the

appointing person regime or to establish an auditor panel and conduct their own procurement exercise.

6. As part of closing the Audit Commission, the Government novated external audit contracts to Public Sector Audit Appointments (PSAA) on 1 April 2015. The audits were due to expire following conclusion of the audits of the 2016/17 accounts, but could be extended for a period of up to three years by PSAA, subject to approval from the Department for Communities and Local Government.
7. In October 2015 the Secretary of State confirmed that the transitional provisions would be amended to allow an extension of the contracts for a period of one year. This meant that for the audit of the 2018/19 accounts it would be necessary for authorities to either undertake their own procurements or to opt in to the appointed person regime.
8. There was a degree of uncertainty around the appointed person regime until July 2016 when PSAA were specified by the Secretary of State as an appointing person under regulation 3 of the Local Audit (Appointing Person) Regulations 2015. The appointing person is sometimes referred to as the sector led body and PSAA has wide support across most of local government. PSAA was originally established to operate the transitional arrangements following the closure of the Audit Commission and is a company owned by the Local Government Association's Improvement and Development Agency (IDeA).
9. The main advantages of using PSAA are set out in its prospectus and are copied below; these can also be viewed as the disadvantages if the Council was to decide to undertake its own procurement.
10. It is likely that a sector wide procurement conducted by PSAA will produce better outcomes for the Council than any procurement the Council undertakes with a limited number of partners. Use of the PSAA will also be less resource intensive than establishing an auditor panel and conducting our own procurement.
11. 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). To comply with this regulation the Executive Committee is asked to make the recommendation outlined to Council.
12. The alternative is to establish an auditor panel and conduct the Council's own procurement. This is not recommended as it will be a far more resource intensive process and, without the bulk buying power of the sector led procurement, would be likely to result in a more costly service.

Timescale

13. A form of notice of acceptance must be sent by the Council before the deadline of 5pm on Thursday 9 March 2017.

Dorset Position

14. It is likely that the majority of Dorset Authorities will opt into the appointing person arrangements made by Public Sector Audit Appointments (PSAA) for the appointment of external auditors.

Implications

Corporate Plan

None directly from this report.

Financial

If the PSAA route is used there will be no financial implications. If the decision was to undertake our own procurement then there would be some resource implications.

Equalities

None directly from this report.

Environmental

None directly from this report.

Economic Development

None directly from this report.

Risk Management (including Health & Safety)

The option of appointing external auditors using the PSAA route presents little risk to the council.

Human Resources

None directly from this report.

Consultation and Engagement

None.

Appendices

None

Background Papers

None

Footnote

Issues relating to financial, environmental, economic and equalities implications have been considered and any information relevant to the decision is included within the report.

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