



**Reigate & Banstead**  
BOROUGH COUNCIL  
Banstead | Horley | Redhill | Reigate

<b>Signed off by</b>	Interim Head of Finance
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<b>To</b>	Audit Committee Council
<b>Date</b>	Thursday, 25 November 2021 Thursday 10 February 2021
<b>Executive Member</b>	Deputy Leader and Portfolio Holder for Finance & Governance

<b>Key Decision Required</b>	Y
<b>Wards Affected</b>	(All Wards);

<b>Subject</b>	External Audit Contract Agreements 2023 - 2028
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<b>Recommendations</b>
<b>(i) That the Council accepts Public Sector Audit Appointments' invitation to opt into the sector-led option for the appointment of external auditors to local government and police bodies for five financial years from 1 April 2023</b>
<b>Reasons for Recommendations</b>
The reason for the recommendation is for the Council to approve the process by which the external auditors for the Council will be appointed for the period from 1 April 2023 to 31 March 2028.
<b>Executive Summary</b>
This report sets out proposals for appointing the external auditor to the Council for the statutory financial accounts for the five-year period from 2023/24. The purpose of the report is to describe how, by accepting the Public Sector Audit Appointments' invitation, the external auditors will be selected. This has to be a decision of Full Council.

**Audit Committee has authority to make the above recommendations to Full Council.**

### **Statutory Powers**

1. Public Sector Audit Appointments Limited (PSAA) has been specified as an appointing person under the Local Audit (Appointing Person) Regulations 2015 and has the power to make auditor appointments for audits of the accounts on behalf of principal local government bodies that opt in, in accordance with the Regulations.
2. Eligible bodies are principal local government bodies listed in schedule 2 of the Local Audit and Accountability Act 2014. This includes county councils, district councils, London Borough councils, unitary authorities, metropolitan councils, police bodies, fire and rescue authorities.

### **Background**

3. The current auditor appointment arrangements cover the period up to and including the audit of the 2022/23 accounts. The Council opted into the 'appointing person' national auditor appointment arrangements established by Public Sector Audit Appointments (PSAA) for the period covering the accounts for 2018/19 to 2022/23.
4. Deloitte LLP are the Council's current external auditors under that contract.
5. PSAA is now undertaking a procurement for the next appointing period, covering audits for 2023/24 to 2027/28. During Autumn 2021 all local government bodies need to make decisions about their external audit arrangements from 2023/24.
6. Local authorities have options to:
  - (i) arrange their own procurement and make the appointment themselves or in conjunction with other bodies; or
  - (ii) they can join and take advantage of the national collective scheme administered by PSAA.
7. This report concludes that the sector-wide procurement conducted by PSAA will produce better outcomes and will be less burdensome for this Council than a procurement undertaken locally because:
  - Collective procurement reduces costs for the sector and for individual authorities compared to a multiplicity of smaller local procurements;
  - If it does not use the national appointment arrangements, the Council will need to establish its own auditor panel with an independent chair and independent members to oversee a local auditor procurement and ongoing management of an audit contract;
  - It is the best opportunity to secure the appointment of a qualified, registered auditor - there are only nine accredited local audit firms, and a local procurement would be drawing from the same limited supply of auditor resources as PSAA's national procurement; and

- Supporting the sector-led body offers the best way of ensuring there is a continuing and sustainable public audit market into the medium and long term.
8. If the Council wishes to take advantage of the national auditor appointment arrangements, it is required under the local audit regulations to make the decision at full Council.
  9. The opt-in period started on 22 September 2021 and closes on 11 March 2022. To opt into the national scheme from 2023/24, the Council therefore needs to return completed opt-in documents to PSAA by 11 March 2022.

### **Options**

The Audit Committee has three options:

**Option 1** – note the report and recommend its approval by Full Council.

**Option 2** – note the report but ask officers to provide more detail on specific issues contained in the report before it can be submitted to Full Council for approval.

**Option 3** – reject the report. This would mean that officers would have to find options to arrange their own procurement and make the appointment themselves or in conjunction with other bodies.

The Audit Committee is asked to approve Option 1.

### **Legal Implications**

10. Regulation 19 of the Local Audit (Appointing Person) Regulations 2015 requires that a decision to opt-in to a sector-led scheme must be made by full Council.

### **Financial Implications**

11. There are no specific financial implications arising from this report. The annual Revenue Budget includes provision for external audit fees.

### **Equalities Implications**

12. There are no equalities implications arising from this report

### **Communication Implications**

13. There are no communications implications arising from this report.

### **Environmental Sustainability Implications**

14. There are no environmental sustainability implications arising from this report.

### **Risk Management Considerations**

15. Considering and approving the recommendations in this report reduces the risk of the Council not meeting its obligation to appoint an external auditor.

**Other Implications**

16. There are no other implications relating to this report.

**Consultation**

17. Council will consider this report at its meeting on 10 February 2022

**Policy Framework**

18. This report supports delivery of Value for Money objectives in the Corporate Plan.

**Background Papers**

None