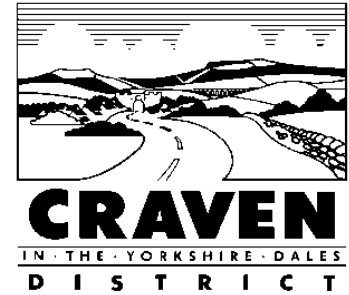


**Audit & Governance Committee –
6th December 2021****External Auditor Appointment Process –
2023/24 onwards**

Report of the Chief Finance Officer (s151 Officer)



Ward(s) affected: All

1. Purpose of Report

- 1.1 To seek member approval to opt into the national scheme for external auditor appointments.

2. Recommendation

- 2.1 That this committee recommends to full council that the council opt into the national scheme for auditor appointments managed by PSAA as the 'appointing person', as set out in this report.

3. Report

- 3.1 The council's current appointed external auditors are Mazars. Their contract runs until the audit of the accounts for 2022/23 is complete.
- 3.2 Under the Local Government Audit & Accountability Act 2014, the Council is required to appoint an auditor to audit its accounts. The Council can either do the appointment itself or opt into the national auditor appointment scheme administered by a body designated by the Secretary of State as the 'appointing person'. The body currently designated for this role is Public Sector Audit Appointments Limited (PSAA).
- 3.3 To opt into the national scheme, the council must ratify the decision at a meeting of the Full Council.
- 3.4 PSAA are about to commence their national procurement process for the appointment of external auditors for local authority accounts, for the five-year period commencing from the 2023/24 accounts.
- 3.5 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. The opt-in period closes on 11 March 2022. To opt into the national scheme from 2023/24, the Council needs to return completed opt-in documents to PSAA by 11 March 2022.

- 3.6 Given Local Government Re-organisation, in practice there should be no need to enter into a procurement process for the appointment of an external auditor. The 2022/23 accounts should be the last set of accounts that the council produces, and these are already covered by the existing contract with Mazars. However, all the councils in North Yorkshire have been advised that it is still sensible to make provisions for the next external auditor appointment and the s151 officers of all the local authorities in North Yorkshire are of the opinion that it makes sense to make a formal resolution to opt into the PSAA framework to cover the unlikely possibility that LGR is delayed (for whatever reason) – this will ensure that the council’s legal responsibilities re: external auditor coverage / appointment are covered. Given the impending LGR, the most practical course of action is for all the local authorities to opt into the PSAA process.
- 3.7 The other local authorities in North Yorkshire are taking similar reports to their respective Audit Committee / Council meetings requesting the same approval as sought in this report.
- 3.8 It is likely that the recommendations in this report will not be required for Craven District Council because the new council will be responsible for determining the procurement process for its external auditors. However, the recommendation provides a sensible backstop and effectively allows the new council to use this route more easily (if it subsequently chooses to do so) because NYCC’s ‘continuing authority’ status means that the new unitary authority would not need to opt in again.
- 3.9 It was originally concluded that due to LGR, the council did not need to consider this issue because it would be the responsibility of the new shadow authority. However, as outlined in this report, it is now considered sensible to approve the recommendations set out in this report. The next scheduled meeting of this committee is not until after the deadline for responses to PSAA therefore this report is being brought as an urgent item to this committee.

4. Financial and Value for Money Implications

- 4.1 None directly from the recommendations contained in this report.

5. Legal Implications

- 5.1 Under the Local Government Audit & Accountability Act 2014 (the act), the Council is required to appoint an auditor to audit its accounts. The act also provides the mechanism by which the process should take place, and the powers of the Secretary of State to intervene should the council not follow the process correctly.

5.2 The recommendation will ensure that the council complies with the requirements of the act.

6. Contribution to Council Priorities

6.1 The recommendation will ensure that the council complies with statutory requirements.

7. Impact on the declared Climate Emergency

7.1 None directly

8. Risk Management

8.1 The principal risks are that the Council:

- fails to appoint an auditor in accordance with the requirements and timing specified in local audit legislation; or
- does not achieve value for money in the appointment process.

8.2 Given LGR, these risks are considered best mitigated by opting into the sector-led approach through PSAA.

9. Equality Impact Analysis

9.1 Not required for this report

10. Consultations with Others

10.1 A similar report is being considered by the other local authorities in North Yorkshire.

11. Background Documents

11.1 Letter from PSAA requiring response by 11th March 2022

12. Author of the Report

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Note: Members are invited to contact the author in advance of the meeting with any detailed queries or questions.