

Part A

Report to: **Audit Committee**

Date of meeting: **Thursday, 25 November 2021**

Report author: **Head of Finance**

Title: **External Auditor Appointments from April 2023**

1.0 **Summary**

- 1.1 This report sets out the process for the appointment of external auditors from April 2023.

2.0 **Risks**

2.1

Nature of risk	Consequence	Suggested Control Measures	Response (treat, tolerate, terminate or transfer)	Risk Rating (combination of severity and likelihood)
The Council fails to appoint an external auditor or appoints an auditor with insufficient knowledge and experience	The Council fails to comply with the audit requirements set out in the Local Government Audit and Accountability Act (2014)	Council opts in to the national scheme for auditor appointments	Treat	4

3.0 **Recommendations**

- 3.1 The Committee is asked to note the recommendation to Council in January 2022 to opt into the national scheme for auditor appointments from April 2023.

Further information:

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Report approved by: Alison Scott, Shared Director of Finance

4.0 Detailed proposal

- 4.1 [The Local Audit and Accountability Act \(2014\)](#) set out the framework for the audit, including the general powers and duties of auditors, and the process for the appointment of auditors of local government accounts following the abolition of the audit commission. The Act made provision for the Secretary of State to legislate in order to be able to specify an 'appointing person' who would be able to act to appoint auditors for bodies covered by the Act.
- 4.2 [The Local Audit \(Appointing Person\) Regulations 2015](#) made provision about the persons that may be specified as an appointing person.
- 4.3 The Public Sector Audit Appointments Ltd (PSAA) is an appointing person under the Local Audit Regulations. As an 'appointing person' the PSAA is responsible for the procurement and appointment of external auditors and for setting the fee scale.
- 4.4 The PSAA operate a national scheme for the appointment of auditors. Auditors are appointed on a five year basis. Watford opted into the scheme for appointments covering the financial years 2018/19 to 2022/23 which resulted in the appointment of the Council's current auditors, Ernst Young.
- 4.5 The invitation to opt into the PSAA national scheme for the five year period beginning in 2023/24 is at appendix 1. This sets out the timeline for opting into the national scheme, the benefits of opting into the scheme and the expected procurement timeline.
- 4.6 The PSAA expects to commence the procurement of audit services in early February 2022. All opted-in bodies will have the opportunity to view the procurement documentation.
- 4.7 The invitation to opt into the national scheme must be confirmed by 11 March 2022. The decision to opt into the scheme must be taken by full Council. A recommendation to opt into the scheme will be considered by Council in January.

5.0 Implications

5.1 Financial

- 5.1.1 The Shared Director of Finance comments that there are no financial implications arising directly from this report. However, it should be noted that there is potential

for audit fees to increase as a result of the procurement and the setting of new fee scales for the new contract.

5.2 **Legal Issues** (Monitoring Officer)

5.2.1 The Group Head of Democracy and Governance comments that the Council is required to comply with the audit requirements set out in the Local Government Audit and Accountability Act (2014).

5.3 **Equalities, Human Rights and Data Protection**

5.3.1 Under s149 (1) of the Equality Act the council must have due regard, in the exercise of its functions, to the need to –

- eliminate discrimination, harassment, victimisation and any other conduct prohibited by the Act
- advance equality of opportunity between persons who share relevant protected characteristics and persons who do not share them
- foster good relations between persons who share relevant protected characteristics and persons who do not share them.

Having had regard to the council's obligations under s149, it is considered that there are no implications arising from this report.

Having had regard to the council's obligations under the General Data Protection Regulation (GDPR) 2018, it is considered that officers are not required to undertake a Data Processing Impact Assessment (DPIA) for this report.

5.4 **Staffing**

5.4.1 There are no staffing issues arising from this report.

5.5 **Accommodation**

5.5.1 There are no accommodation issues arising from this report.

5.6 **Community Safety/Crime and Disorder**

5.6.1 There are no community safety issues arising from this report.

5.7 **Sustainability**

5.7.1 There are no sustainability issues arising from this report.

Appendices

- Appendix 1 - Invitation to opt into the national scheme for auditor appointments from April 2023

Background papers

No papers were used in the preparation of this report.