

**READING BOROUGH COUNCIL
REPORT BY DIRECTOR OF FINANCE**

TO:	COUNCIL		
DATE:	23 FEBRUARY 2022		
TITLE:	EXTERNAL AUDITOR APPOINTMENT PROCESS FOR FINANCIAL YEARS 2023/24 TO 2027/28		
LEAD COUNCILLOR:	RUTH MCEWAN	PORTFOLIO:	CORPORATE AND CONSUMER SERVICES
SERVICE:	FINANCIAL	WARDS:	BOROUGHWIDE
AUTHOR:	DARREN CARTER	TEL:	
JOB TITLE:	DIRECTOR OF FINANCE	E-MAIL:	Darren.Carter@reading.gov.uk

1. PURPOSE AND SUMMARY OF REPORT

- 1.1 Further to the recommendation made by Audit and Governance Committee meeting on 25 January 2022, this report recommends that the Council accepts the Public Sector Audit Appointments' (PSAA) invitation to opt into the sector-led option for the appointment of external auditors to principal local government and police bodies for five financial years from 1 April 2023.

2. RECOMMENDATION

- 2.1 That the Council accepts the Public Sector Audit Appointments' invitation to opt into the sector-led option for the appointment of external auditors to principal local government and police bodies for five financial years from 1 April 2023.

3. POLICY CONTEXT

- 3.1 Under the Local Government Audit & Accountability Act 2014, the Council is required to have appointed an external auditor to audit the accounts. The Council has previously 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.
- 3.2 The national offer supplied by PSAA provides the appointment of an independent auditor with limited administrative cost to the council. By joining the scheme, the Council would be acting with other councils to optimise the opportunity to influence the market that a national procurement provides. Due to the framework in which the audit of local government accounts is undertaken, the Council has very limited influence over the nature of the audit services being procured, the nature and

quality of which are determined or overseen by third parties. Therefore, the recommended approach is to opt-in to the national auditor appointment scheme.

4. BACKGROUND

4.1 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.

4.2 PSAA is specified as the 'appointing person' for principal local government under the provisions of the Act and the Local Audit (Appointing Person) Regulations 2015 and is now undertaking the work needed to invite eligible bodies to opt in for the next appointing period, (2023/24 - 2027/28) and to complete a procurement for audit services. The national opt-in scheme provides the following:

- (a) The appointment of a suitably qualified audit firm to conduct audits for each of the five financial years commencing 1 April 2023.
- (b) Appointing the same auditor to other opted-in bodies that are involved in formal collaboration or joint working initiatives to the extent this is possible with other constraints.
- (c) Managing the procurement process to ensure both quality and price criteria are satisfied. PSAA has sought views from the sector to help inform its detailed procurement strategy.
- (d) Ensuring suitable independence of the auditors from the bodies they audit and managing any potential conflicts as they arise during the appointment period.
- (e) Minimising the scheme management costs and returning any surpluses to scheme members.
- (f) Consulting with authorities on auditor appointments, giving the Council the opportunity to influence which auditor is appointed.
- (g) Consulting with authorities on the scale of audit fees and ensuring these reflect scale, complexity, and audit risk.
- (h) Ongoing contract and performance management of the contracts once these have been let.

4.3 If the Council does not opt into the scheme it will have to tender independently. It is recommended that the Council opt into the national auditor appointment arrangements in order to minimise administration costs to the Council and take advantage of the leverage being part of the national scheme brings.

5. CONTRIBUTION TO STRATEGIC AIMS

5.1 None arising from this report.

6. ENVIRONMENTAL AND CLIMATE IMPLICATIONS

6.1 None arising from this report

7. COMMUNITY ENGAGEMENT AND INFORMATION

7.1 None applicable to this report

8. EQUALITY IMPACT ASSESSMENT

8.1 Not applicable to this report

9. FINANCIAL IMPLICATIONS

9.1 None arising from this report

10. LEGAL IMPLICATIONS

10.1 In accordance with the Local Audit (Appointing Persons) Regulations 2015, the Council can decide to become an 'opted in' authority and appoint PSAA Ltd to assist finding an Auditor to commence in 2023/24, which would avoid the resource implications of setting up its own auditor panel.

10.2 The decision to 'opt in' and appoint PSAA to seek external auditors on behalf of the Council is a matter reserved to Council under regulation 19 of the 2015 Regulations. The decision to confirm the appointment of the external auditors is also a reserved function of Council.

11. BACKGROUND PAPERS

11.1 None