

Appointment of an External Auditor

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Purpose of the Report

This report outlines the possible routes for appointing an External Auditor from April 2018. The Audit Committee approved the recommendation in January 2017.

Recommendation

That full Council approves that SSDC opt in to the Public Sector Audit appointments (PSAA) to appoint an external auditor by December 2017.

Background

The 2014 Local Audit and Accountability Act abolished the Audit Commission and allowed local authorities to appoint their own auditors. This means that from 2018/19 SSDC will need to appoint or opt for Public Sector Audit Appointments to appoint an auditor. This must be completed by 31st December 2017.

The Report

SSDC has three options for appointing an external auditor:-

1. Undertake an individual procurement process (requires an independent auditor panel);
2. Undertake a joint procurement process (requires an independent auditor panel);
3. Opt into the Public Sector Audit Appointments (PSAA) process and have an auditor appointed to SSDC for five years commencing April 2018.

The PSAA already has over 50% of authorities opt in. It is a not-for-profit company ultimately owned by the LGA. Authorities need to decide through a full Council resolution whether to opt in by the 9th March 2017. The PSAA will be able to negotiate on a bigger scale than individual authorities and will pool costs and apportion to audited bodies on a scale of fees taking into account size, complexity, and audit risks much in the way they are currently charged. It will also mean that there is no need to establish an auditor panel. An auditor panel must consist of a majority of independent members (or wholly independent members) and must be chaired by an independent member. The costs and resource required to do this outweigh the benefits of an independent process and therefore members are requested to approve an opt in to the PSAA process.

Financial Implications

There is no direct charge from the PSAA as they will be included within the audit fees that will be charged. SSDC's currently pays £57,328 in audit fees to Grant Thornton.
