

**North East Derbyshire District Council**

**Audit and Corporate Governance Scrutiny Committee**

**1 December 2021**

**North East Derbyshire District Council – Invitation to become an opted in body  
for external audit appointments**

**Report of the Assistant Director – Finance & Resources (S151 Officer)**

Classification: This report is public

Report By: Jayne Dethick – Assistant Director – Finance & Resources  
(S151 Officer)

Contact Officer: as above

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**PURPOSE/SUMMARY**

- To update the Audit and Corporate Governance Scrutiny Committee on the request to be made to Council on 31 January 2022 to accept Public Sector Appointments' (PSAA) invitation to become an opted in authority for the appointment of external auditors for five consecutive financial years commencing April 2023.

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**RECOMMENDATIONS**

1. That the Audit and Corporate Governance Scrutiny Committee note the request to Council on 31 January 2022.

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**IMPLICATIONS**

**Finance and Risk**

**Yes** ✓ **No**

Contained within the attached report to Council.

On Behalf of the Section 151 Officer

**Legal including Data Protection**

**Yes** ✓ **No**

A decision to become an opted in authority must be taken by Council in accordance with Regulation 19 of the Local Audit (Appointing person) Regulations 2015.

On Behalf of the Solicitor to the Council

**Staffing****Yes****No ✓**

There are no staffing issues arising directly from this report.

On Behalf of the Head of Paid Service

**DECISION INFORMATION**

<p><b>Is the decision a Key Decision?</b>  A Key Decision is an executive decision which has a significant impact on two or more District wards or which results in income or expenditure to the Council above the following thresholds:  <i>BDC: Revenue - £75,000</i> <input type="checkbox"/>  <i>Capital - £150,000</i> <input type="checkbox"/>  <i>NEDDC: Revenue - £100,000</i> <input type="checkbox"/>  <i>Capital - £250,000</i> <input type="checkbox"/>  <input checked="" type="checkbox"/> <i>Please indicate which threshold applies</i></p>	N/A
<p><b>Is the decision subject to Call-In?</b>  (Only Key Decisions are subject to Call-In)</p>	N/A
<p><b>Has the relevant Portfolio Holder been informed</b></p>	N/A
<p><b>District Wards Affected</b></p>	All
<p><b>Links to Corporate Plan priorities or Policy Framework</b></p>	All

**REPORT DETAILS****1 PSAA Invitation to become an Opted In Authority**

1.1 The external auditor for the audit of the 2023/24 accounts has to be appointed before the end of December 2022. PSAA has been confirmed in the role of appointing person for the period commencing April 2023 and have invited eligible bodies to opt into their national scheme for auditor appointments. In 2018 98% of eligible bodies made the choice to opt into the national scheme.

1.2 Should the Council choose to opt to join the national scheme, formal acceptance must be received by PSAA by 11 March 2022. The local audit market is challenging and the benefits of opting into the national scheme include:

- transparent and independent auditor appointment via a third party;
- the best opportunity to secure the appointment of a qualified, registered auditor;

- on-going management of any independence issues which may arise;
  - access to a specialist PSAA team with significant experience of working within the context of the relevant regulations to appoint auditors, managing contracts with audit firms, and setting and determining audit fees;
  - a value for money offer based on minimising PSAA costs and distribution of any surpluses to scheme members
  - collective efficiency savings for the sector through undertaking one major procurement as opposed to a multiplicity of smaller procurements;
  - avoids the necessity for local bodies to establish an auditor panel and undertake an auditor procurement, enabling time and resources to be deployed on other pressing priorities;
  - updates from PSAA to Section 151 officers and Audit Committee Chairs on a range of local audit related matters to inform and support effective auditor-audited body relationships; and
- 1.4 Council will be asked to formally accept the invitation by PSAA to opt into the national scheme at its meeting on 31 January 2022. Confirmation of the decision to PSAA is required by 11 March 2022.

## **2 Reasons for Recommendation**

- 2.1 The Council needs to appoint an external auditor by December 2022. Opting into the national scheme provides a sector led, collaborative approach, offering the best value for money and assuring the independence of the auditor appointment.

## **4 Alternative Options and Reasons for Rejection**

- 4.1 There are no alternative options for consideration.

## **DOCUMENT INFORMATION**

<b>Appendix No</b>	<b>Title</b>
1	Invitation to become an opted in Authority – report to Council 31/1/22
<b>Background Papers</b> (These are unpublished works which have been relied on to a material extent when preparing the report. They must be listed in the section below. If the report is going to Cabinet (NEDDC) or Executive (BDC) you must provide copies of the background papers)	
<b>Report Author</b>	<b>Contact Number</b>
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