

**North East Derbyshire District Council**

**Council**

**31 January 2022**

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

**Report of the Portfolio Holder with Responsibility for Finance**

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 request the approval of Council to accept Public Sector Audit 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 Council accept Public Sector Audit Appointments' invitation to opt in to the national scheme for the appointment of external auditors for five consecutive financial years commencing April 2023.

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**IMPLICATIONS**

**Finance and Risk**

**Yes ✓ No**

There is a risk that current audit fees may rise when the current contract ends. Opting into the national scheme provides maximum opportunity to ensure that fees remain as low as possible whilst ensuring that the quality of audit is maintained by entering into procurement arrangements facilitated by PSAA.

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

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**DECISION INFORMATION**

<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>	N/A
<b>Is the decision subject to Call-In?</b> (Only Key Decisions are subject to Call-In)	N/A
<b>Has the relevant Portfolio Holder been informed</b>	N/A
<b>District Wards Affected</b>	All
<b>Links to Corporate Plan priorities or Policy Framework</b>	All

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**REPORT DETAILS****1 Public Sector Audit Appointments (PSAA) Invitation to become an Opted-In Authority**

- 1.1 In 2016, the Secretary of State specified PSAA as appointing person for principal local government for audits from 2018/19 under the provisions of the Local Audit and Accountability Act 2014 and the Local Audit (Appointing Persons) Regulations 2015. Acting in accordance with this role PSAA were responsible for appointing an auditor and setting fees for local authorities that have chosen to opt into the national scheme. In April 2018, 98% of eligible bodies made the choice to opt in for the five year period.
- 1.2 This five year period is coming to an end and 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 as continuing in the role of appointing person for

the period commencing April 2023 and has once again invited eligible bodies to opt into their national scheme for auditor appointments.

1.3 The Council opted into the national scheme in 2016. The local audit market remains challenging and the benefits of opting into the national scheme again 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 The decision to become an opted in authority must be taken at a meeting of the Council in accordance with the Local Audit (Appointing Persons) Regulations. If the Council decides to become an opted in authority then formal acceptance of PSAA's invitation is 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. Not using the national scheme would require a local procurement exercise which would not benefit from the economies of scale a national procurement exercise would yield.

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## **DOCUMENT INFORMATION**

<b>Appendix No</b>	<b>Title</b>
1	PSAA North Est Derbyshire District Council Invitation

<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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