



Consultation on the draft prospectus for the national scheme for local auditor appointments from April 2023

During Autumn 2021 all local government and police bodies will need to make important decisions about their external audit arrangements for the period commencing from the financial year 2023/24.

In relation to appointing auditors local bodies have options to arrange their own procurement and make the appointment themselves or in conjunction with other bodies, or they can join and take advantage of the national collective scheme administered by PSAA.

The draft prospectus provides an introduction to the PSAA national scheme, and discusses and invites views and comments from local bodies and other interested parties in relation to the aims of the scheme and how it needs to develop going forward. Through this process we want to give you the opportunity to help us shape some of the important features of the scheme ahead of issuing formal invitations to opt in to all eligible bodies in the Autumn.

We are keen to receive your feedback concerning our plans for the future scheme. We welcome comments on the proposals through the set of questions captured in the survey below. The consultation will close on **Thursday 8 July 2021**.

Questions 1 and 2 require a response. All other questions are optional, however we encourage you to share your views on all questions with us.

Question Title

* 1. Contact details

Name

Organisation

Email address

Question Title

* 2. Please select your role

- Director of Finance
- Audit Committee chair
- National stakeholder
- Other, please provide details below

If you answered 'other' above, please specify your role here

Question Title

3. Is PSAA right to prioritise the awarding of new longer term contracts with firms, based on realistic market bid prices, mitigating the risks of a less than fully successful procurement by holding in reserve the option to extend one or more of the existing audit services contracts for up to two years if required?

- Yes
- No
- Maybe, subject to

If you would like to expand on your answer, please do so below

Question Title

4. Is five years an appropriate term for bodies to sign up to scheme membership?

- Yes
- No

If you would like to expand on your answer, please do so below

The term needs to be of sufficient duration to bring a level of stability and certainty and as such five years is appropriate term.

Question Title

5. Is five years with the option to extend for up to two years subject to the supplier's agreement an appropriate term for the next audit services contracts?

- Yes
- No

If you would like to expand on your answer, please do so below

Question Title

6. Is PSAA right to evaluate tender submissions on the basis of 80% quality and 20% price to align with market expectations and other recent public audit procurements?

- Yes
- No

If you would like to expand on your answer, please do so below

Where market expectation has shifted over recent years to delivery of higher quality audits the tender evaluations reflect the change in emphasis.

Question Title

7. Is PSAA right to seek to encourage market sustainability within the local audit market by accepting bids from firms that are currently proceeding through the local audit registration process; by accepting consortia bids which may involve an unregistered firm gaining experience by working alongside a registered firm; and by considering the inclusion of one or two lots specifically aimed at seeking to encourage additional capacity into the market?

- Yes
- No
- Maybe, subject to

If you would like to expand on your answer, please do so below

Balance here is to ensure audit quality is not compromised.

Question Title

8. Is PSAA's proposed approach to social value appropriate given the services to be procured will be delivered across the whole of England? Are there any alternative approaches that should be considered?

- Yes
- No

If you would like to expand on your answer, or share alternative approaches for consideration, please do so below

Question Title

9. Is PSAA right to carry out research and to consider setting a minimum audit fee in the next appointing period, recognising the increasing level of audit work now required and the risk that smaller scale fees may not be sufficient to cover the actual cost of the audit? What would be the key issues for PSAA to consider in the event that it opts to set a minimum fee for a Code-compliant audit?

- Yes
- No

To expand on your answer, or outline the key issues for PSAA to consider in setting a minimum fee, please do so below

How the minimum fee compares to the current fee structure and the consequent uplift for those councils ac affected.

Question Title

10. In the context of the recent NAO report, should PSAA and other market participants strive to prioritise the timeliness of audit opinions in the next appointing period? What actions should PSAA or other market participants take in order to avoid delayed opinions blighting the next period?

- Yes
- No

To expand on your answer, or outline what actions could be taken to avoid delayed opinions for the next period, please do so below

Audit firms to commit the resources necessary to complete the audit in line with the timetable agreed with th body.
More rigorous and robust challenge by PSAA where this is not the case.

Question Title

11. Which specific benefits of the national scheme are valuable to you? Are there other benefits we should strive to develop?

Avoids the need to establish an independent auditor panel and undertake procurement exercise either individually or with others; and benefits to be gained from bulk purchasing power.

Question Title

12. What are the key issues which will influence your decision about scheme membership for the second appointing period?

More rigorous and robust challenge of audit firms whe the timeliness of audit opinion delivery is found to be a concern.

Question Title

13. To inform the further development of our procurement approach, please indicate whether or not you anticipate that your organisation is likely to opt into our scheme?

- Yes
- No
- Maybe, subject to

If you would like to expand on your answer, please do so below

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Thank you for your response.

If you have comments about the way this consultation has been conducted, these should be sent by email to ap2@psaa.co.uk.