

TONBRIDGE & MALLING BOROUGH COUNCIL

AUDIT COMMITTEE

26 July 2021

Report of the Director of Finance and Transformation

Part 1- Public

Matters for Information

1 CONSULTATION ON THE DRAFT PROSPECTUS FOR THE NATIONAL SCHEME FOR LOCAL AUDITOR APPOINTMENTS FROM APRIL 2023

Public Sector Audit Appointments Limited (PSAA) have prepared a draft prospectus for the national scheme for local auditor appointments from April 2023. Feedback concerning PSAA proposed way forward is by way of a consultation which seeks responses to a set of questions.

1.1 Introduction

1.1.1 From 2018/19, PSAA became an appointing person for principal local government authorities under the provisions of the Local Audit and Accountability Act 2014 and the Local Audit (Appointing Person) Regulations 2015.

1.1.2 PSAA, an independent company set up by the Local Government Association, is responsible for setting fees, appointing auditors and monitoring the quality of auditor's work at authorities that have opted into PSAA national auditor appointment arrangements.

1.1.3 In relation to appointing auditors principal local government authorities can 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.

1.1.4 The Borough Council, as did most councils, opted into PSAA national auditor appointment arrangements covering the five-year period 2018/19 to 2022/23. In the coming months councils will have to consider and make decisions about their external audit arrangements for the period commencing 2023/24.

1.2 Draft Prospectus for the National Scheme for Local Auditor Appointments from April 2023

1.2.1 PSAA have prepared a draft prospectus for the national scheme for local auditor appointments from April 2023 **[Annex 1]** and invites views and comments in relation to the aims of the scheme and how it needs to develop going forward.

Ahead of finalising the procurement strategy and issuing formal invitations to opt into the national scheme later this year.

- 1.2.2 Feedback concerning PSAA proposed way forward is by way of a consultation which seeks responses to a set of questions. The consultation and the responses to the questions asked can be found at **[Annex 2]**.
- 1.2.3 The return date for responses to the consultation was 8 July 2021 and due to the timing of meetings the responses were agreed with the (then) Chairman and Cabinet Member for Finance, Innovation and Property prior to submission.
- 1.2.4 The national scheme should seek to secure a competitive fee structure, high quality audits, timeliness of audit opinion delivery and encourage market sustainability. The Prospectus setting out PSAA approach to meeting these aims going forward.

1.3 Legal Implications

- 1.3.1 Regulation 19 of the Local Audit (Appointing Person) Regulations 2015 requires that a decision to opt-in to a sector-led scheme must be made by full Council.

1.4 Financial and Value for Money Considerations

- 1.4.1 Good quality independent audit is one of the cornerstones of public accountability. It gives assurance that taxpayers' money has been well managed and properly expended. It helps to inspire trust and confidence in the organisations and people responsible for managing public money.
- 1.4.2 A national Sector Led Body would have the ability to negotiate contracts with the firms nationally, maximising the opportunities for the most economic and efficient approach to procurement of external audit; and would remove the costs of establishing and maintaining an auditor panel. As such, and in the current challenging market conditions, continues to be seen as the preferred option.

1.5 Risk Assessment

- 1.5.1 Providing an early indication of our likely way forward will enable PSAA to invest in developing appropriate arrangements going forward.

1.6 Policy Considerations

1.6.1 Procurement

Background papers:

Nil

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