

## Regulatory and Audit Committee

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**Title:** External Audit Action Update

**Date:** Wednesday 21 September 2016

**Author:** Richard Schmidt Head of Strategic Finance

**Contact officer:** Richard Schmidt, 01908 387554

### Local members affected:

*For press enquiries concerning this report, please contact the media office on 01296 382444*

### Summary

This short report provides an update to the Committee in respect of the establishment of a Sector Led Body for the appointment of external auditors for local government bodies.

### Recommendation

**The Committee are asked to note the contents of the report and to agree the next steps to be taken.**

### Supporting information to include the following if a decision is being requested:

1. At its meeting on 27 April 2016 the Regulatory & Audit Committee received a report on the Local Government Association's (LGA) moves to establish a Sector Led Body (SLB) to co-ordinate external audit arrangements on behalf of local authorities. This report aims to update the Committee on the latest position.
2. The Committee were informed that Buckinghamshire County Council had expressed an interest in the SLB without giving any firm commitment. It is worth noting that similar expressions of interest were made by 270 local authorities demonstrating widespread support across the sector.
3. In the light of this significant support the LGA has proposed that Public Sector Audit Appointments (PSAA) be established as the SLB. Subsequently the Department for Communities and Local Government (DCLG) have made PSAA the "appointing person", i.e. they have formally been given the capacity to appoint external auditors on behalf of local authorities. This does not prevent local authorities appointing their own external auditors subject to meeting the requirements of the Local Government

Audit & Accountability Act, 2014. The prospectus of PSAA is appended to this report and sets out the benefits that PSAA feel they can bring to the external auditor appointment process.

4. It is likely that PSAA will formally invite individual councils to sign up to its arrangements in October 2016, with a deadline around December 2016/January 2017. At this point Buckinghamshire County Council will need to decide whether it wishes to go down this route or make its own arrangements. This will need to be a decision of Full Council following recommendation from the Regulatory and Audit Committee. Therefore if the Committee remain interested in pursuing this option it will need to ensure that the appropriate administrative arrangements are put in place.

### **Resource implications**

5. There are no resource implications arising directly from this report. Clearly in the longer run the actions taken on this issue will determine the cost of the fee paid to the external auditor and less tangibly the quality of those audit arrangements.

### **Legal implications**

6. This report is aimed at allowing Buckinghamshire County Council to comply with the requirements of the Local Government Audit and Accountability Act, 2014.

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### **Background Papers**

Previous Report to Regulatory & Audit Committee on 27<sup>th</sup> April 2016.

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