



## External Audit Arrangements

Thursday 24 November 2016

Report from Chairman of Regulatory and Audit Committee

### Purpose of this Report

To agree the mechanism for putting in place future External Audit arrangements

### Recommendation

**Council is asked to ACCEPT the offer from Public Sector Audit Appointments to carry out the procurement of external audit arrangements on behalf of Buckinghamshire County Council from 2018/19 onwards.**

### Background

The current external audit contract was put in place by the Audit Commission as one of its last acts before it was wound up. The current contract with Grant Thornton has been extended by a year under the terms of the original agreement. New external auditors need to be appointed by December 2017 at the latest for the financial year 2018/19.

The Council has a choice of the way that it can appoint its external auditors. It can either do this itself, in which case it will need to establish an Auditor Panel chaired and predominantly made up of independent members. Alternatively the Council can make use of the sector-led body, Public Sector Audit Appointments (PSAA), to carry out a joint procurement on behalf of all local authorities that sign up to such a process. The Local Authority Audit and Accountability Act 2014 requires the decision of Full Council if it is to opt for the sector-led approach.

### Main section

The Regulatory and Audit Committee has received a number of reports on this topic at its recent meetings. The reports to the Committee have facilitated consideration of the legal requirements, the offer from PSAA and the likely cost and practical implications of the different options available to the Council.

Having given due consideration to all the issues the Regulatory and Audit Committee have concluded that the preferred option would be to make use of the sector-led approach and are therefore recommending this to Full Council.

Whilst, as with any future event, there can be no absolute certainty the likely benefits of opting into the PSAA arrangements are:

- a) PSAA have expertise in this area which the Council does not possess itself.
- b) PSAA can spread the cost of procurement over many authorities.
- c) PSAA will have much greater influence in the market place and thus are likely to be able to attract a more competitive price from bidders.
- d) PSAA will have regard to joint working arrangements between authorities when appointing auditors.
- e) PSAA have the expertise to set and monitor audit standards.
- f) In the unfortunate event of a breakdown in relationships between a local authority and their external auditors, PSAA will be able to put in place alternative arrangements without the need for a full re-tender.
- g) The appointment of PSAA will avoid the need to establish a separate local mechanism to oversee the procurement exercise.
- h) By opting into sector-led arrangements, the Council will not be required to, and thereby avoid the initial cost of, an Auditor Panel; and not incur the on-going expense of maintaining the Panel.

**DAVID MARTIN**  
**CHAIRMAN OF REGULATORY AND AUDIT COMMITTEE**

Appendix 1 – Report to the Regulatory and Audit Committee on 9<sup>th</sup> November 2016  
Appendix 2 – Report to the Regulatory and Audit Committee on 21 September 2016

