

# From the LGA's Chief Executive

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Dear colleague,

## **Sector-led body for the appointment of external auditors – opt-in sought**

You will recall that the LGA established an independent company, Public Sector Audit Appointments Ltd (PSAA), to take on the management of the external audit contracts for local public bodies following the closure of the Audit Commission. We also secured the extension of contracts by an additional year which maintains the reduction in fees of 55 per cent for every single council achieved in the last few years and by doing so saves a further £24 million.

The LGA has successfully lobbied for the legislation to include provision for the establishment of a sector-led body to procure future audit contracts. We intend to support the appointment of PSAA as the Sector-led body for local government. Our analysis indicates that this would be far cheaper for councils than every council procuring their external auditor separately. It would avoid the need for hundreds of separate procurement exercises and also has the advantage for councils making use of this procurement vehicle that it saves the time and costs which would otherwise be required to establish an independent Auditor Panel (as required in Schedule 2 of the Local Audit and Accountability Act 2014 (LAA Act)).

Our survey of Directors of Finance last year indicated a significant majority in favour of our proposal and we now need to move forwards towards the process of signing councils up. For this to be a success we need councils to opt-in to the sector-led body approach.

So that we can continue to progress our efforts on behalf of the sector to secure efficient, cost effective and good quality arrangements we would like your council to express an interest by 30 April 2016. This is not a binding commitment and we hope to be able to issue formal invitations later in the year.

The [LGA website](#) will feature regular updates on the development of PSAA's proposed sector-led body role. However, if you would like further information or have any feedback on how this approach would work best for councils please contact Fiona Daley on [fiona.daley@local.gov.uk](mailto:fiona.daley@local.gov.uk).

Best wishes,

**Mark Lloyd**  
Chief Executive,  
Local Government Association

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