

## Regulatory and Audit Committee

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<b>Title:</b>	Future External Audit Arrangements
<b>Date:</b>	Wednesday 27 April 2016
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<b>Local members affected:</b>	All

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### Summary

The external audit arrangements for local authorities put in place following the expiry of the Audit Commission will shortly be coming to an end. Each council will therefore need to put in place new arrangements. The Local Government Association is offering councils the opportunity to enter into a joint procurement arrangement.

### Recommendation

**The Regulatory and Audit Committee are recommended to:**

- **note the contents of the letter from the Local Government Association;**
- **note the actions taken by the Head of Strategic Finance to date;**
- **consider the issues discussed in this report and advise upon what future action the Council should take.**

### Supporting information:

The Government decided to wind up the Audit Commission and put in place alternative external audit arrangements making use of the large audit companies. These transition arrangements were extended by a year in October 2015, so that the current contracts will now cover the 2017/18 accounts. Local authorities will need to appoint new auditors by December 2017.

Each local authority will need to determine how to go about making those new appointments. The options are:

- setting up an independent Auditor Panel



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- joining with other councils to set up a joint independent Auditor Panel
- opting-in to a sector led body that will negotiate contracts and make the appointment on behalf of councils, removing the need to set up an independent Auditor Panel.

The Chief Executive of the Local Government Association (LGA) recently wrote to the Director of Assurance (see Appendix) seeking expressions of interest to be involved in early consideration about establishing a sector led body to negotiate new contracts. In response the Head of Strategic Finance has expressed interest on behalf of Buckinghamshire County Council, without giving any commitment to be part of any future arrangements.

Being part of a sector led approach has the potential to both bring down the cost of the procurement itself and through the aggregation of contracts achieving a stronger position in the market place and thus drive a better deal.

Members of the Committee are asked to consider the issues here at an early stage and provide a steer on the actions to be taken going forward, including the points at which they would wish to be involved in the process.

### **Resource implications**

There are only minimal resource implications arising directly from this report at this stage. Later in the process there will be some costs associated with the procurement, which will be dependent upon the route chosen and are uncertain at this point in time. The current value of the external audit fees is in the region of £100k p.a. (+ £25k p.a. for the audit of the pension fund accounts).

### **Legal implications**

The Local Audit and Accountability Act 2014 brought to a close the Audit Commission and established transitional arrangements for the appointment of external auditors and the setting of audit fees for all local government and NHS bodies in England. On 5 October 2015 the Secretary of State Communities and Local Government (CLG) determined that the transitional arrangements for local government bodies would be extended by one year to also include the audit of the accounts for 2017/18.

Following this extension the Council has a legal obligation to put in place a new appointment by 31 December 2017.

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### **Background Papers**

None

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