

Audit Committee Meeting	
Meeting Date	14 September 2016
Report Title	External Auditor Appointment
Cabinet Member	Cllr Dewar-Whalley, Cabinet Member for Finance and Performance
SMT Lead	Mark Radford, Corporate Services Director
Head of Service	Nick Vickers, Head of Finance
Lead Officer	Nick Vickers, Head of Finance
Key Decision	No
Classification	Open
Forward Plan	Reference number:
Recommendations	1. To delegate the final decision on a recommendation to Council on the preferred option to the Corporate Services Director in consultation with the Chairman, Audit Committee and the Cabinet Member for Finance and Performance.

1 Purpose of Report and Executive Summary

- 1.1 This report provides an update on the latest position on the procurement of the external auditor, and follows on from the report to the Committee on 8 June. The Committee at that time was supportive of the sector-led approach.

2 Background

- 2.1 In the 8 June report a number of alternative approaches were identified:
- establish our own Audit Panel;
 - join with other Councils to set up a joint Audit Panel; or
 - work with a sector-led body.
- 2.2 The view remains that the largest savings are likely from a sector-led approach, and setting up a totally independent Audit Panel for this task only seems a complex and costly approach.
- 2.3 Since the June meeting DCLG authorised Public Sector Audit Appointments Ltd (PSAA – a wholly owned LGA company) to act as a ‘specified person’ to procure external auditors on behalf of authorities. PSAA have published a prospectus (Appendix I) setting out their intentions for the procurement exercise.

- 2.4 With advice from the Head of Audit Partnership, we understand that the timescales for opting for the sector-led approach PSAA will be to formally invite Councils to join PSAA in late September 2016.
- 2.5 Under the regulations, Councils have a minimum of eight weeks to accept the invitation, although the regulations imply (but do not state) PSAA could lengthen this period at their discretion.
- 2.6 So, assuming an offer on 30 September and the legal minimum acceptance window, there would need to be a Full Council decision to accept on or before 18 November.

3 Proposals

- 3.1 With this Committee not meeting again until 30 November the Committee is requested to agree a delegation to the Corporate Services Director, in consultation with the Chairman and the Cabinet Member for Finance & Performance, on the recommendation to be made to Council.
- 3.2 All members of the Committee will of course have the opportunity to contribute to the discussion and decision at the Council meeting.

4 Alternative Options

- 4.1 The Committee has already had the opportunity to consider the range of options available.

5 Consultation Undertaken or Proposed

- 5.1 The last indication from discussions at the Kent Finance Officers Group was that there was a consensus that the sector-led approach was the preferred route forward. There will be a further discussion at KFOs on 16 September.

6 Implications

Issue	Implications
Corporate Plan	Supports the objective of being a “Council to be proud of”
Financial, Resource and Property	The external auditor provides external certification of the Council’s accounts, and makes a judgement on the value for money being achieved.
Legal and Statutory	External audit is a statutory requirement under the Accounts and Audit Regulations.
Crime and Disorder	Not applicable

Sustainability	Not applicable
Health and Wellbeing	Not applicable
Risk Management and Health and Safety	The external auditor will examine the Council's approach to risk management as part of their consideration on the operation on internal controls.
Equality and Diversity	Not applicable

7 Appendices

7.1 The following documents are to be published with this report and form part of the report:

- Appendix I: PSAA briefing paper

8 Background Papers

Report to Audit Committee 8 June 2016:

<http://services.swale.gov.uk/meetings/documents/s5486/Auditor%20appointment.pdf>