

Meeting: Audit Committee

Date: 7 September 2016

Wards Affected: All Wards

Report Title: External Audit Appointment Update

Is the decision a key decision? No

When does the decision need to be implemented? December 2017

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As a result of the Local Audit and Accountability Act 2014 the Council has to appoint its External Auditor for 2018/19 by December 2017. This process has been added as regular update to Audit Committee. There are three main options for the Council in appointing an External Auditor:

1) Use PSAA Limited

In July 2016 DCLG has appointed Public Sector Audit Appointments Limited (PSAA) as an “appointing body for audit appointments at principal local government bodies”. PSAA is a company limited by guarantee owned by the Local Government Association (LGA).

This means that PSAA will organise a tender and selection process for external auditors on a national basis (aim by June 2017). Torbay can choose to opt into this national appointment arrangement (expected invites in December 2016). Torbay has previously “expressed an interest” in the national approach.

This arrangement is the simplest procurement approach with fees and contracts based on a national procurement. However Torbay would be unlikely to have any local choice of the auditor appointed.

2) Torbay appoint own auditor

This is a viable option for Torbay, but would require more work initially in terms of procurement, contracting and potentially variation on fees. The benefit is that Torbay would be in control of its own appointment and relationship with external auditor. There is likely to be interest in the Torbay audit from members of the “big four” accountancy firms which could result in competitive price and a more personalised service.

If Torbay chooses this route it would have to establish an Audit panel where the majority of the members of the panel are independent of the Council. This may not be an issue if the Council uses, as its audit panel, an audit committee of another

public sector body, potentially a health body who have been appointing their own auditors.

3) Torbay appoints own auditor in a joint tender with other councils.

To date Torbay has not been approached by any other Council, but this issue will be raised at a Devon S151 officer meeting in October. In this case it would be logical for the Councils involved to share the procurement costs and set up one shared audit panel.

I welcome any views that Audit Committee may have. A report on Torbay's preferred approach will be presented to Audit Committee at its November meeting.