

**External Audit service from 2023/24 to 2027/28**

**SUMMARY**

This report recommends the external audit service provision for the five year period of accounts from 2023/24 to 2027/28

**RECOMMENDATION(S)**

The Audit Committee is asked to:-

- 1) Recommend to the Authority that they approve opting into the national scheme for auditor appointments managed by the PSAA

**1. Background**

The current auditor appointment arrangements cover a five year period up to and including the audit of the 2022/23 accounts. The Authority had some years ago opted into the national auditor appointment arrangements established by Public Sector Audit Appointments (PSAA).

PSAA is now undertaking a procurement for the next appointing period, covering audits for 2023/24 to 2027/28. Their deadline for authorities to opt in is 11 March 2022.

Therefore the Authority can either:

- arrange its own procurement and make the appointment ourselves or in conjunction with other bodies or
- join and take advantage of the national collective scheme administered by PSAA.

The local audit regulations require this decision to be made by the Authority.

**2. Conclusions**

There are a number of well recognised advantages of collective procurement.

- collective procurement reduces costs for the sector and for individual authorities compared to a multiplicity of smaller local procurements;
- it is the best opportunity to secure the appointment of a qualified, registered auditor - there are only nine accredited local audit firms, and a local procurement would be drawing from the same limited supply of auditor resources as PSAA's national procurement; and
- supporting the sector-led body offers the best way of ensuring there is a continuing and sustainable public audit market into the medium and long term.

Furthermore,

- if the Authority does not use the national appointment arrangements, we will have to establish our own auditor panel with an independent chair and independent members to oversee a local auditor procurement and ongoing management of an audit contract in

accordance with the Local Audit (Auditor Panel Independence) Regulations 2014 – for the scale of our external audit this would be a disproportionate exercise;

In contrast the advantages of undertaking our own procurement is rather limited in that the Authority will be able to tailor service quality (i.e. timeliness, support) to meet local needs.

On this basis the recommendation is to opt in to the PSAA national scheme.

### 3. Other points of note

As previously reported, the present external audit fees secured by the PSAA at the last procurement were not sustainable and remain so.

The changes in the economic climate, environment and accounting/audit requirements are further exacerbating sector wide issues in terms of external audit. Therefore the expectation is that fees will rise significantly from the current £25,000-£30,000 range.

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