



## DECISION ITEM

REPORT OF	MEETING	DATE	ITEM NO
RESOURCES DIRECTORATE	AUDIT AND STANDARDS COMMITTEE	11 NOVEMBER 2021	5

### APPOINTMENT OF EXTERNAL AUDITORS

#### PUBLIC ITEM

This item is for consideration in the public part of the meeting.

#### SUMMARY

The council presently appoints its external auditors through Public Sector Audit Appointments ('PSAA'), which is a not-for-profit organisation appointed by the secretary of state to make auditor appointments for local government. To continue this arrangement for the period 2023-28, the council needs to opt-in to the PSAA scheme. The report discusses the advantages of opting-in and recommends that the council be recommended to opt in.

#### RECOMMENDATIONS

Recommend to the council that Fylde Borough Council formally opts in to the Public Sector Audit Appointments national scheme for the appointment of its external auditors during the period 2023-28.

#### SUMMARY OF PREVIOUS DECISIONS

Council, 6 February 2017:

1. Note the update on the issues arising from the introduction of new powers for local authorities to appoint their external auditor from the 2018/19 financial year onwards as contained within this report; and
2. To approve the recommendation of the Audit and Standards Committee at the meeting of 19<sup>th</sup> January 2017 that Fylde Council agree to opt-in to the national scheme for auditor appointments that is managed by Public Sector Auditor Appointments Limited (PSAA).

#### CORPORATE PRIORITIES

Economy – To create a vibrant and healthy economy	
Environment – To deliver services customers expect	
Efficiency – By spending money in the most efficient way	✓
Tourism – To create a great place to live and visit	

## REPORT

1. A relevant authority must appoint an external auditor to audit its accounts. An authority like Fylde<sup>1</sup> can either appoint its external auditor directly, or an 'appointing person' can make an appointment on the Council's behalf. 'Appointing persons' are appointed by the secretary of state. The only 'appointing person' is Public Sector Audit Appointments ('PSAA'). PSAA is a not-for-profit body under the auspices of the Local Development and Improvement Agency. Since the present system was introduced by the Local Audit and Accountability Act 2014, Fylde's external auditors have been appointed by PSAA.
2. To continue to have PSAA appoint external auditors on its behalf for the period 2023-2028, Fylde must formally opt-in to the PSAA national scheme. The decision to opt in must be made by full council. The committee is asked to recommend to the council whether it should opt in.
3. The PSAA prospectus, setting out the advantages of continuing to be part of the PSAA scheme is [.psaa.co.uk/about-us/appointing-person-information/appointing-period-2023-24-2027-28/prospectus-2023-and-beyond/final-prospectus-2023-and-beyond/page/2/"](https://www.psaa.co.uk/about-us/appointing-person-information/appointing-period-2023-24-2027-28/prospectus-2023-and-beyond/final-prospectus-2023-and-beyond/page/2/) [here](#). The advantages include achieving lower audit prices through large-scale collective procurement and independent and professional management of audit contracts
4. The alternative to opting in would be for the council to directly appoint its external auditors. This would require Fylde to appoint an independent 'auditor panel' to advise it on the selection and appointment of its external auditor and the maintenance of an independent relationship with the auditor. The composition, governance and duties of the panel are subject to extremely detailed regulation. The council must publish the advice of the panel and the reasons for any departure from that advice. The vast majority of local authorities appoint their external auditors through PSAA, to avoid the complex and bureaucratic machinery around auditor panels.

IMPLICATIONS	
Finance	There are no financial implications from opting-in to the PSAA national scheme for auditor appointments.
Legal	The council is required under the Local Audit and Accountability Act 2014 to appoint external auditors, either directly, taking into account the advice of its audit panel, or through PSAA and an 'appointing person'.
Community Safety	No implications
Human Rights and Equalities	No implications
Sustainability and Environmental Impact	No implications
Health & Safety and Risk Management	External audit is a key component of a robust risk management environment.

LEAD AUTHOR	CONTACT DETAILS	DATE
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BACKGROUND PAPERS		
Name of document	Date	Where available for inspection
PSAA prospectus	Accessed 29 September 2021	<a href="https://www.psaa.co.uk/about-us/appointing-person-information/appointing-period-2023-24-2027-28/prospectus-2023-and-beyond/final-prospectus-2023-and-beyond/">2023-and-beyond/final-prospectus-2023-and-beyond/"</a> <a href="http://www.psaa.co.uk/about-us/appointing-person-information/appointing-period-2023-24-2027-28/prospectus-2023-and-beyond/final-prospectus-2023-and-beyond/">http://www.psaa.co.uk/about-us/appointing-person-information/appointing-period-2023-24-2027-28/prospectus-2023-and-beyond/final-prospectus-2023-and-beyond/</a>