

APPOINTMENT OF EXTERNAL AUDITORS

Audit Committee - 24 January 2023

Report of: Deputy Chief Executive and Chief Officer - Finance and Trading

Status: For Consideration

Key Decision: No

Executive Summary:

Full Council made a decision on 22 February 2022 to accept Public Sector Audit Appointments' (PSAA) invitation to opt into the sector-led option for the appointment of external auditors for five financial years from 1 April 2023.

On 19 December 2022, PSAA confirmed that Grant Thornton UK LLP have been appointed as external auditor of Sevenoaks District Council for five years from 2023/24 to 2027/28.

Portfolio Holder: Cllr. Matthew Dickins

Contact Officer: Adrian Rowbotham, Ext. 7153

Recommendation to Audit Committee:

To note the appointment of Grant Thornton UK LLP as external auditor of Sevenoaks District Council for five years from 2023/24 to 2027/28.

Introduction and Background

- 1 The current auditor appointment arrangements cover the period up to and including the audit of the 2022/23 accounts. The Council opted into the 'appointing person' national auditor appointment arrangements established by Public Sector Audit Appointments (PSAA) for the period covering the accounts for 2018/19 to 2022/23.
- 2 Grant Thornton are the Council's current external auditors.
- 3 PSAA undertook a procurement for the next appointing period, covering audits for 2023/24 to 2027/28. All local government bodies needed to make important decisions about their external audit arrangements from 2023/24. They had options to arrange their own procurement and make the appointment themselves or in conjunction with other bodies, or they could join and take advantage of the national collective scheme administered by PSAA.

- 4 If the Council wished to take advantage of the national auditor appointment arrangements, it was required under the local audit regulations to make the decision at full Council. The opt-in period started on 22 September 2021 and closed on 11 March 2022. To opt into the national scheme from 2023/24, the Council needed to return completed opt-in documents to PSAA by 11 March 2022.
- 5 The Audit Committee on 25 January 2022 proposed to Full Council that the Council opt into the sector-led option for the appointment of external auditors.
- 6 Council on 22 February 2022 accepted PSAA's invitation to opt into the sector-led option for the appointment of external auditors.

Appointment

- 7 On 19 December 2022, PSAA wrote to the Chief Officer - Finance and Trading to confirm the appointment of Grant Thornton UK LLP as external auditor of Sevenoaks District Council for five years from 2023/24 to 2027/28.
- 8 This appointment is made under regulation 13 of the Local Audit (Appointing Persons) Regulations 2015 and was approved by the PSAA Board at its meeting on 16 December 2022.
- 9 Grant Thornton UK is delighted to have been reappointed as the largest supplier of local government audit. The public sector has played a significant role within the firm for over 30 years, and they remain committed to the success of the sector. Their UK Public Sector Assurance team employs 440 people, including 29 Key Audit Partners and specialists in financial reporting, audit quality, and Value for Money. The team is dedicated to public audit work in local government and the NHS, with contracts with PSAA, Audit Scotland and over 100 health bodies. The Public Sector Assurance team is a regular commentator on issues facing the sector and oversees the firm's thought leadership, such as its series of publications on grants and public interest reports.
- 10 In developing appointment proposals, PSAA have considered information provided to them by both opted-in bodies and audit firms, and have had regard to and sought to balance a range of factors including:
 - auditor independence, the most critical of all the factors;
 - joint/shared working arrangements and information from bodies, where we have prioritised those requests that are most relevant to the auditor's responsibilities;
 - commitments to the firms under the audit contracts;
 - bodies' main offices and firms' geographical preferences;
 - the status of prior years' audits; and
 - continuity of auditor where appropriate.

Key Implications

Financial

Local authorities have been warned that bid prices received reflect “a significant increase” compared to the last round in 2017. This could be up to 150%, depending on the authority and the extent of work needed on the accounts involved.

Concerns over the impact of the cost increase have already been raised with DLUHC for consideration.

The scale fee for 2022/23 is £44,481.

Legal Implications and Risk Assessment Statement

Section 7 of the Local Audit and Accountability Act 2014 (the Act) requires a relevant authority to appoint a local auditor to audit its accounts for a financial year not later than 31 December in the preceding year. Section 8 governs the procedure for appointment including that the authority must consult and take account of the advice of its auditor panel on the selection and appointment of a local auditor. Section 8 provides that where a relevant authority is a local authority operating executive arrangements, the function of appointing a local auditor to audit its accounts is not the responsibility of an executive of the authority under those arrangements.

Section 12 makes provision for the failure to appoint a local auditor: the authority must immediately inform the Secretary of State, who may direct the authority to appoint the auditor named in the direction or appoint a local auditor on behalf of the authority.

Section 17 gives the Secretary of State the power to make regulations in relation to an ‘appointing person’ specified by the Secretary of State. This power has been exercised in the Local Audit (Appointing Person) Regulations 2015 (SI 192) and this gives the Secretary of State the ability to enable a Sector Led Body to become the appointing person.

Section 19 of the Local Audit (Appointing Person) Regulations 2015 specifies that the decision to accept an invitation to become an opted in authority is a matter for Full Council.

Equality Assessment

The decisions recommended through this paper have a remote or low relevance to the substance of the Equality Act. There is no perceived impact on end users.

Net Zero Implications

The decisions recommended through this paper have a remote or low relevance to the council's ambition to be Net Zero by 2030. There is no perceived impact regarding either an increase or decrease in carbon emissions in the district, or supporting the resilience of the natural environment.

Appendices

None

Background Papers

Future Appointment of External Auditors report to Audit Committee on 25 January 2022 and Council on 22 February 2022.

Adrian Rowbotham

Deputy Chief Executive and Chief Officer - Finance & Trading