

NORTH LINCOLNSHIRE COUNCIL

COUNCIL

EXTERNAL AUDIT PROCUREMENT PROCESS

1. OBJECT AND KEY POINTS IN THIS REPORT

- 1.2 The Council will be required to reprocure an external audit provider at the end of the current 5-year contract on 31 March 2023.
- 1.3 The procurement options were considered by Audit Committee on 3 November 2021 and are recommending that Council agree to opt into the arrangements allowing Public Sector Audit Appointments Ltd (PSAA) to appoint the Council's external auditor on its behalf.

2. BACKGROUND INFORMATION

- 2.1 Public Sector Audit Appointments (PSAA) was set up as an appointing person for principal local government and police bodies for audits from 2018/19, under the provisions of the Local Audit and Accountability Act 2014 and the Local Audit (Appointing Person) Regulations 2015. In 2017 the Council opting into the scheme, and consequently Mazars was appointed as its external auditor.
- 2.2 Prior to the end of the current contract on 31 March 2023 the Council will need to reprocure external audit services. The Regulations require the appointing person to set the duration of each appointing period; the maximum duration is five years. The Council has until December 2022 to make an external audit appointment. However, the Council is required to indicate whether it wishes to continue with the PSAA Framework arrangement, by 11th March 2022.

3. OPTIONS FOR CONSIDERATION

- 3.1 The options available to the Council are:
 - Option 1: To adopt the recommendation of the Audit Committee and continue with the PSAA framework
 - Option 2: To not adopt the Audit Committee recommendation and to pursue alternative procurement arrangements

4. **ANALYSIS OF OPTIONS**

4.1 **Option 1:** the Audit Committee considered the merits of the PSAA framework and concluded that opting into this framework for 2023-4 onwards achieves economies of scale and the level of independence required for the appointment of external auditors

4.2 **Option 2:** not opting in would require the Council to put in place an independent auditor panel to oversee both the procurement and contract management process and mean the council may not benefit from economies of scale so requiring additional allocation of resources.

5. **FINANCIAL AND OTHER RESOURCE IMPLICATIONS (e.g. LEGAL, HR, PROPERTY, IT, COMMUNICATIONS etc.)**

5.1 The chosen methodology for making the external auditor appointment will potentially impact on the associated costs related to making the appointment and the subsequent audit fees. Option 1 is recommended to contain costs.

6. **OTHER RELEVANT IMPLICATIONS (e.g. CRIME AND DISORDER, EQUALITIES, COUNCIL PLAN, ENVIRONMENTAL, RISK etc.)**

6.1 There are no specific risks to the Council.

7. **OUTCOMES OF INTEGRATED IMPACT ASSESSMENT (IF APPLICABLE)**

7.1 An Integrated Impact Assessment is not required for this report.

8. **OUTCOMES OF CONSULTATION AND CONFLICTS OF INTERESTS DECLARED**

8.1 There are no identified conflicts related to this report.

9. **RECOMMENDATIONS**

9.1 That Council adopts the Audit Committee recommendation to opt into the PSAA framework.

DIRECTOR OF GOVERNANCE AND PARTNERSHIPS

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Background Papers used in the preparation of this report –
Audit Committee papers 3 November 2021 and minutes (in council papers)