

REPORT TO: Audit and Governance Board

DATE: 24 November 2021

REPORTING OFFICER: Strategic Director – Enterprise, Community & Resources

PORTFOLIO: Corporate Services

SUBJECT: Procurement of External Audit Services

WARD(S): Borough-wide

1.0 PURPOSE OF REPORT

1.1 The contract for the provision of the Council's external audit services expires on 31st March 2023. This report outlines options available regarding the procurement process and proposes that Council be asked to approve the recommended option.

2.0 RECOMMENDATION: That Council be recommended to approve opting-in to the sector-led procurement by Public Sector Audit Appointments, for the provision of external audit services for the five years commencing 1 April 2023.

3.0 SUPPORTING INFORMATION

- 3.1 The Local Audit and Accountability Act 2014 abolished the Audit Commission and external audit contracts for councils were thereafter procured from private sector providers.
- 3.2 In 2016 the Council joined a sector-led procurement of external auditors to be undertaken by Public Sector Audit Appointments (PSAA). PSAA is an independent, not-for-profit company limited by guarantee, established by the Local Government Association to procure and manage external audit contracts on behalf of councils.
- 3.3 Over 98% of councils nationally joined the PSAA arrangement. Following the procurement exercise Grant Thornton UK LLP were appointed as the Council's external auditors for five years until 31st March 2023.
- 3.4 The procurement of external audit services is a lengthy process and it is therefore necessary to now begin the procurement process, to secure these services from 1st April 2023 onwards.

- 3.5 The Secretary of State has confirmed that PSAA can once again undertake the role of procuring external audit services on behalf of councils on a national basis.
- 3.6 The options available to the Council are as follows;
- (i) To opt-in to the national procurement arrangements to be led by PSAA.
 - (ii) To undertake the procurement of external audit services alone.
 - (iii) To undertake the procurement of external audit services with other councils on a regional or other basis.
- 3.7 Options (ii) and (iii) would require considerable resources on the part of the Council, to undertake the procurement process, evaluate the tender bids and subsequently manage and monitor the contract over the five year period. It would also be necessary to establish an Auditor Panel with an independent Chair, to oversee the procurement process.
- 3.8 It is considered unlikely that options (ii) and (iii) would deliver a more cost effective outcome for the Council, as providers will benefit from significant economies of scale under the national arrangement.
- 3.9 PSAA successfully procured and managed the current external audit contracts for over 98% of councils, including Halton. They have the technical audit and procurement expertise required and have a significant track record in this respect. It is anticipated that PSAA will build upon their experience of the current contracts, to continue to develop external audit services which are appropriate to councils' needs.
- 3.10 For these reasons it is proposed that the Council once again opts-in to the national procurement arrangements to be operated by PSAA.
- 3.11 Regulations require that the decision to opt-in to the PSAA procurement must be approved by Council. The final deadline for opting-in to the PSAA arrangement is 11 March 2022.

4.0 POLICY IMPLICATIONS

- 4.1 None.

5.0 FINANCIAL IMPLICATIONS

- 5.1 PSAA will consult councils annually on the external audit scale fees it is proposed to adopt for external audit contracts.

6.0 IMPLICATIONS FOR THE COUNCIL'S PRIORITIES

6.1 Children & Young People in Halton

6.2 Employment, Learning & Skills in Halton

6.3 A Healthy Halton

6.4 A Safer Halton

6.5 Halton's Urban Renewal

There are no direct implications for the Council's priorities.

7.0 RISK ANALYSIS

7.1 The Local Audit and Accountability Act 2014 requires relevant authorities such as the Council, to appoint a local external auditor to audit its accounts for a financial year not later than 31 December in the preceding year. The proposal would secure continued external audit services for the Council for five years from 1 April 2023.

8.0 EQUALITY AND DIVERSITY ISSUES

8.1 None identified.

9.0 LIST OF BACKGROUND PAPERS UNDER SECTION 100D OF THE LOCAL GOVERNMENT ACT 1972

Document	Place of Inspection	Contact Officer
Local Audit & Accountability Act 2014	Audit, Procurement & Operational Finance Division, Halton Stadium, Widnes	Merv Murphy