

NEW FOREST NATIONAL PARK AUTHORITY RESOURCES, AUDIT AND PERFORMANCE COMMITTEE – 21 NOVEMBER 2016

FUTURE AUDIT ARRANGEMENTS - UPDATE

Report by: Nigel Stone, Chief Finance Officer

1 Introduction

- 1.1 Members will be aware that the Authority is required to appoint external auditors for the 2018/19 financial year by the end of December 2017. A paper (NFNPA 510/16) was taken to the last Authority meeting detailing potential options for procuring this contract; the two viable options were to join a procurement exercise led by either a sector-led body or with a group of other nearby local authorities. Further information has now been received and considered and a final recommendation is now proposed.

2 Further Information Received

- 2.1 **Annex 1** contains a formal invitation letter from Public Sector Audit Appointments Ltd (PSAA) who is the sector-led body established by the Local Government Association (LGA) for the purpose of procuring external auditors for public authorities. The documentation with the letter also provides significant further details on the workings of the proposed scheme, the key points being:

- The deadline for 'opting-in' is now 9 March 2017
- The contract will be for five years, so 2018/19 – 2022/23 inclusive
- Strong expectation that the 'vast majority' of eligible authorities will join up
- The scheme will be split into two national areas, with each area being split into 3 or 4 lots
- Costs of establishing and maintaining the scheme will be included in the annual audit fees, however some of the initial costs will also be funded by existing income held by PSAA
- Audit fees will be proportionate to size, complexity and audit risk of each authority, as evidenced by the existing fee structure
- Contracts are likely to be awarded in June 2017
- Audit quality and independence are core principles of the scheme

- 2.2 Having spoken to a number of other local authorities (including NFDC) and the other NPA's, it would seem everyone is likely to now opt-in to the LGA/PSAA scheme and there have been no offers to establish an alternative procurement group.

3 Consideration of Options

- 3.1 The option of procuring auditors through an individual exercise was ruled out straight away due to costs, complexity and potential lack of good responses to such a small procurement opportunity.
- 3.2 There are no offers from local or similar authorities to join together for a group procurement exercise.
- 3.3 The further details given of the LGA/PSAA scheme are all positive. The procurement process is very similar to the highly successful Audit Commission one which established our current contract (saving us 40% at the time), five years gives good continuity, the scheme costs are proportionate and it is very encouraging, as a smaller authority, to see the words regarding taking into account size, complexity and audit risk in a similar way to the current fees. It is felt highly likely that the economies of scale from the scheme will get the best value contract for this Authority.
- 3.4 Given that the 'opt-in' deadline has been extended until 9 March 2017, it is suggested that the delegation previously given to the Chief Executive, on the basis that the deadline to sign-up may have been sooner, is not used and that the Authority is instead formally asked to approve 'opt-in' to the LGA/PSAA scheme at its meeting on 19 January 2017.

4 Recommendation

That the Committee recommends to the Authority that it formally 'opts-in' to the scheme established by Public Sector Audit Appointments Ltd to secure external auditors for the Authority for 2018/19-2022/23

Papers:

NFNPA/RAPC 312/16 Future Audit Arrangements Update

NFNPA/RAPC 312/16 – Annex 1 Invitation Letter and Scheme Details from PSAA Ltd

Previous Paper: NFNPA 510/16 – Future External Audit Arrangements

Equality and Diversity Implications:

There are no specific equality or diversity implications arising out of this report

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