

## **Guidance provided by PSAA on the auditor appointment process**

---

### **The County Council is an opted-in body**

In accordance with the Local Audit and Accountability Act 2014 and the Local Audit (Appointing Person) Regulations 2015, PSAA has formally invited all eligible principal local government bodies to become opted-in authorities to the national auditor appointment arrangements in its role as a specified appointing person. The length of the compulsory appointing period is the five consecutive financial years commencing 1 April 2018.

A decision for the County Council to become an opted-in authority was taken at the meeting of Full Council on 15 December 2016.

### **Auditor appointment process**

PSAA will consult on and confirm auditor appointments to opted-in bodies from 2018/19 between August and December 2017, following award of contracts to audit firms in June. Appointments will be confirmed by the statutory deadline of 31 December 2017.

The process for making individual auditor appointments for opted-in bodies from 2018/19 is set out below.

### **Developing proposals**

For each firm awarded an audit contract, PSAA will put together a balanced portfolio of proposed appointments during July 2017. Firms will need to confirm the position on independence issues for each opted-in body, before PSAA can consult audited bodies on proposed appointments.

Within the overall context of developing auditor appointments that represent value for money, PSAA will have regard to the following six principles:

1. Ensuring auditor independence;
2. Meeting their contractual commitments;
3. Accommodating joint/shared working arrangements where possible;
4. Ensuring a blend of authority types for each audit firm;
5. Taking account of a firm's principal locations; and
6. Providing continuity of audit firm, if possible.

The primary consideration in allocating proposed appointments to individual opted-in bodies will be ensuring independence, and then balancing the remaining principles.

## **Consulting audited bodies**

PSAA will begin the process of consulting audited bodies on proposed appointments in August 2017, allowing five weeks for the consultation (14 August to 22 September).

Where a body accepts the appointment PSAA has proposed, no further action is needed. The PSAA Board will consider all the 2018/19 appointments for approval at its meeting in December 2017, and confirmation letters will then be sent to opted-in bodies.

PSAA recognise that in some instances there could be valid reasons why the proposed firm may not be appointed. Opted-in bodies will therefore have the opportunity to make representations on the proposed appointment. Although the timetable is very tight for this appointments exercise, PSAA have provided for two opportunities for bodies to make representations (16-27 October, and 10-24 November).

## **Considering representations**

Where an audited body objects to their proposed auditor appointment, it should set out in writing the reasons why the appointment should not be made.

The following may represent acceptable reasons:

1. There is an independence issue, of which PSAA had not been informed;
2. There are formal and relevant joint working arrangements, of which PSAA had not been informed; or
3. There is another valid reason, for example a body can demonstrate a history of inadequate service from a particular firm.

Representations will be considered carefully and a formal response made in each case, whether accepted or rejected. Bodies whose representations are not accepted will have one final opportunity to make representations to the Board, providing any additional information they may wish to present to support their case.

## **Consulting on revised proposals**

Where the PSAA Board confirms PSAA should consult on a revised appointment proposal in response to a representation, PSAA will send a further consultation to the audited body. There will be a two-week consultation on the revised appointment proposals (16-27 October).

This consultation period will also apply for any opted-in body whose representations have not been accepted and which wishes to present additional information to enable further consideration of the grounds for their representation. If the Board decides that PSAA should consult on any revised appointment proposals in response, a further two-week consultation period will apply (10-24 November).

## **Finalising and confirming appointments**

The PSAA Board will approve all proposed appointments from 2018/19, following consultation with audited bodies, at its meeting in mid-December. The Board's

decision on the appointment of auditors is final. Following Board consideration, PSAA will write to each audited body to confirm their appointment. PSAA plan to send all confirmations on 18 December.