

Audit, Risk and Governance Committee
Meeting to be held on Monday, 30 January 2023

Electoral Division affected:
(All Divisions);

Appointment of External Auditor

Contact for further information:
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Brief Summary

The council's current external audit appointment covers the period up to and including the audit of the 2022/23 accounts. The county council (including the pension fund) has opted into the national scheme, led by Public Sector Audit Appointments Limited (PSAA), to appoint its external auditor for the following five-year appointing period.

In December 2022, PSAA appointed Grant Thornton UK LLP as external auditor of Lancashire County Council for the five years from 2023/24 to 2027/28.

Recommendation

The Audit, Risk and Governance Committee is asked to note that Grant Thornton UK LLP have been appointed as the council's external auditor for the appointing period from 2023/24 to 2027/28.

Detail

The Local Audit and Accountability Act 2014 (the Act) at Section 7 states that an authority must appoint a local auditor to audit its accounts for a financial year not later than 31 December in the preceding financial year.

In 2017, the council (including the pension fund) 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. Grant Thornton UK LLP has been the council's external auditor under this appointment.

The council has since agreed for PSAA to appoint its external auditor for the appointing period spanning the audits from 2023/24 to 2027/28. In December 2022 PSAA notified the council of the appointment of Grant Thornton UK LLP as external auditor of Lancashire County Council and the Lancashire County Pension Fund for

the five years from 2023/24 to 2027/28. This appointment is made under regulation 13 of the Local Audit (Appointing Person) Regulations 2015.

Consultations

Under regulation 13 of the Appointing Persons Regulations, PSAA must appoint an external auditor to each opted-in body having consulted on their proposal.

PSAA sent consultation emails to Section 151 Officers and copied in the Audit Committee Chair and Chief Executive from 17 October 2022, with responses requested by 14 November 2022.

Through this consultation, the council was able to make representations to PSAA about the proposed auditor appointment including any reasons why the proposed appointment should not be made, for example:

- There is an independence issue in relation to the firm proposed as the auditor, which had not previously been notified
- There are formal and joint working arrangements relevant to the auditor's responsibilities which had not previously been notified

The Director of Finance was satisfied with the appointment of Grant Thornton UK LLP to continue as the external auditor for the council and the pension fund, given there are no such circumstances of concern.

Implications:

This item has the following implications, as indicated:

Risk management

Financial

PSAA received bid prices in their procurement reflecting a significant increase compared to their previous procurement in 2017. PSAA explain that this is due to the audit industry having faced major challenges in the intervening period. In addition, local audit faces several distinctive difficulties which have resulted in a less competitive market.

In Autumn 2023 PSAA will consult on the proposed scale of audit fees payable by bodies in respect of the audit of 2023/24 accounts. At this stage their advice to bodies is to anticipate a major re-set of total fees for 2023/24 involving an increase of the order of 150% on the total fees for 2022/23. The actual total fees will depend on the amount of work required.

The council's baseline audit fee for 2022/23 is £103,069, and £28,185 for the pension fund. This excludes any charges for additional works. For the 2021/22 audit, these additional costs represented a circa 70% increase from the total baseline audit fee.



Local Government (Access to Information) Act 1985
List of Background Papers

| Paper | Date | Contact/Tel |
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N/A

Reason for inclusion in Part II, if appropriate

N/A

