

Report of the Audit and Performance Committee held on 16 February 2022

Present: Councillor Ian Rowley (Chairman), David Boothroyd, Danny Chalkley and Antonia Cox

1. Appointment of External Auditors for 2022/23 onwards

- a) Following consideration of the arrangements for appointing an external auditor from the financial year 2023/24, the Audit and Performance Committee debated the proposal to accept the Public Sector Audit Appointments (PSAA) invitation to use its framework to appoint an external auditor for five financial years, commencing 1 April 2023 with the accounts for the year 2022/23 being the first audit under the new contract.
- b) The PSAA is a company set up by the Local Government Association in 2014. In 2016, the Secretary of State for Housing Communities and Local Government (now Department of Levelling Up, Housing and Communities – DLUHC) specified the PSAA 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.
- c) Acting in accordance with this role, the PSAA is responsible for appointing an auditor and setting scales of fees for relevant principal authorities that have chosen to opt into its national scheme. In 2017, Westminster City Council using the PSAA framework was allocated Grant Thornton as its external auditors.
- d) It is well documented that the local government audit landscape has continued to be challenging with a number of authorities increasingly failing year on year to achieve the accounts sign-off deadline. For the 2020/21 financial year, only 9% of English authorities signed their accounts by 30 September 2021 deadline. Westminster City Council was within that 9% to make the deadline.
- e) The Audit and Performance Committee debated the alternative option of procuring as an individual authority but understood that this would not likely result in improved time or quality of the external audit itself with the additional disadvantage that the Council would also not have benefitted from the economies of scale offered by a national framework.

We therefore recommend that Full Council:

- a) Approve the Public Sector Audit Appointments (PSAA) invitation to 'opt in' to the sector-led option for the appointment of external auditors for the five financial years commencing on 1 April 2023; and
- b) Delegate authority to the Executive Director of Finance and Resources to respond to the invitation and take the necessary steps to finalise the appointment itself following the PSAA procurement process.

Cllr Ian Rowley, Chairman