

RIBBLE VALLEY BOROUGH COUNCIL REPORT TO ACCOUNTS AND AUDIT COMMITTEE

INFORMATION

meeting date: 23 NOVEMBER 2022
title: CONSULTATION ON AUDIT APPOINTMENT FROM 2023/24
submitted by: DIRECTOR OF RESOURCES
principal author: LAWSON ODDIE

1 PURPOSE

- 1.1 To inform members of the latest stage in the PSAA work on appointing auditors from 2023/24 and to inform members of the response that has been made to the associated consultation, which closed 14 November 2022.
- 1.2 Relevance to the Council's ambitions and priorities:
 - Corporate priorities – the Council seeks to maintain critical financial management and controls, and provide efficient and effective services.

2 BACKGROUND

- 2.1 The current auditor appointment arrangements cover the period up to and including the audit of the 2022/23 accounts. The Council 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. Under this arrangement Grant Thornton were appointed as our external auditors.
- 2.2 All local government bodies have had to make a decision about their external audit arrangements from 2023/24 onwards. They had options to arrange their own procurement and make the appointment themselves or in conjunction with other bodies, or they could join and take advantage of the national collective scheme administered by PSAA.
- 2.3 At your meeting on 2 February 2022 members agreed that the council should join the national collective scheme administered by PSAA.

3 LATEST INFORMATION

- 3.1 The council has since been notified of the outcome of the PSAA procurement, as shown at Annex 1. It has been confirmed that Grant Thornton was successful in winning a contract in the procurement and that it is proposed that they be appointed as the auditor for Ribble Valley Borough Council for five years from 2023/24.
- 3.2 In developing appointment proposals PSAA have considered information provided to them by both opted-in bodies and audit firms, and have had regard to and sought to balance a range of factors including:
 - auditor independence;
 - joint/shared working arrangements and information from bodies, where PSAA have prioritised those requests that are most relevant to the auditor's responsibilities;
 - PSAA's commitments to the firms under the audit contracts;
 - bodies' main offices and firms' geographical preferences;
 - the status of prior years' audits; and
 - continuity of auditor where appropriate.

3.3 The council has been required to respond to the proposals by Monday 14 November accepting the appointment, or otherwise explaining why the council think the proposed appointment should not be made.

3.4 PSAA were emailed on 14 November to say that the council were satisfied with the proposed appointment.

4 SCALES FEES FROM 2023/24

4.1 Within the notification about the appointment of Grant Thornton as our auditor from 2023/24, we were also notified that there will be a further consultation about the associated scale fees from 2023/24.

4.2 It was explained that this consultation will be undertaken by 30 November 2023. When this information is known, a report will be brought back to committee for consideration

5 CONCLUSION

5.1 The Council have been notified by PSAA that it is proposed to appoint Grant Thornton as auditor for the five years from 2023/24. The council's acceptance of this proposal has been emailed to PSAA. The deadline for this was 14 November 2022.

5.2 There will be a further consultation on Scale Fees by the end of November 2023.

LAWSON ODDIE
HEAD OF FINANCIAL SERVICES

JANE PEARSON
DIRECTOR OF RESOURCES

AA26-22/LO/AC
14 November 2022

From: Appointing Person 2023 <AP2@psaa.co.uk>

Sent: Monday, October 17, 2022 12:52 pm

Subject: Ribble Valley Borough Council – consultation on auditor appointment from 2023/24

Dear Ms Pearson,

Formal communication to the chief finance officer of Ribble Valley Borough Council consulting on the body's proposed auditor appointment from 2023/24

Background

PSAA is responsible for appointing an auditor to eligible bodies that have chosen to opt into our national auditor appointment arrangements.

About the proposed appointment

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

On 3 October 2022 we wrote to inform you of the outcome of our procurement to let audit contracts from 2023/24. **Grant Thornton** was successful in winning a contract in the procurement, and we propose appointing this firm as the auditor of Ribble Valley Borough Council for five years from 2023/24.

Grant Thornton UK is delighted to have been reappointed as the largest supplier of local government audit. The public sector has played a significant role within the firm for over 30 years and we remain committed to the success of the sector. Our UK Public Sector Assurance team employs 440 people, including 29 Key Audit Partners and specialists in financial reporting, audit quality, and Value for Money. The team is dedicated to public audit work in local government and the NHS, with contracts with PSAA, Audit Scotland and over 100 health bodies. The Public Sector Assurance team is a regular commentator on issues facing the sector and oversees the firm's thought leadership, such as its series of publications on grants and public interest reports.

In developing appointment proposals we have considered information provided to us by both opted-in bodies and audit firms, and have had regard to and sought to balance a range of factors including:

- auditor independence, the most critical of all the factors;
- joint/shared working arrangements and information from bodies, where we have prioritised those requests that are most relevant to the auditor's responsibilities;
- our commitments to the firms under the audit contracts;
- bodies' main offices and firms' geographical preferences;
- the status of prior years' audits; and
- continuity of auditor where appropriate.

We have sought to accommodate as many requests as we can but that has not been possible in all cases - another consequence of the current, challenging local audit market.

Further information on the [auditor appointment process](#) is available on our website.

Responding to this consultation

The consultation will close at **midnight on Monday 14 November 2022**. If you are satisfied with the proposed appointment, please confirm this by [email to ap2@psaa.co.uk](mailto:ap2@psaa.co.uk).

Process for objecting to the proposed auditor appointment

If you wish to make representations to us about the proposed auditor appointment, please send them by [email to ap2@psaa.co.uk](mailto:ap2@psaa.co.uk) to arrive by **midnight on Monday 14 November 2022**.

ANNEX 1

Your email should set out the reasons why you think the proposed appointment should not be made, for example:

1. there is an independence issue in relation to the firm proposed as the auditor, which had not previously been notified to us; or
2. there are formal and joint working arrangements relevant to the auditor's responsibilities which had not previously been notified to us.

We will consider all representations in detail and will respond by Tuesday 22 November 2022. If we accept your representation, we will consult you on an alternative auditor appointment.

Confirmation of Auditor Appointment from 2023/24

Our plan is to write to all bodies to confirm the Board's final decision on the appointment of the auditor on or before 31 December 2022.

Please note: we will assume Ribble Valley Borough Council is satisfied with the proposed appointment if we do not receive a response to this email.

Contract changes from 2023/24

Our contracts for audit services from 2023/24 have several differences to those in place for the audits of 2018/19 to 2022/23. Key changes made in response to client feedback include payment terms linked to delivery stages of an audit and additional contract management measures within those permissible with the local audit context. [Our webinar of 16 March 2022](#) provides more information about the new arrangements.

The new contract also includes new limits on supplier liabilities as follows:

- loss of or damage to property £2,000,000 per claim;
- loss in relation to a failure to perform the services in accordance with the Contract or any other loss caused directly by any act or omission of the supplier £10,000,000 per claim; and
- any loss incurred arising from non-compliance with the Data Protection Legislation £5,000,000 per claim.

If you would like more information about the new liability provisions, please contact us.

Scale fees for 2023/24

We will consult formally on scale fees for 2023/24 in Autumn 2023, and will publish confirmed scale fees for 2023/24 for opted-in bodies on our website by 30 November 2023. As indicated in our recent press release which announced the procurement outcome our advice to bodies is to anticipate an increase of the order of 150% on the total fees for 2022/23 (so a £100k 2022/23 total audit fee (scale fee plus fee variations) could become £250k 2023/24 total audit fee - noting that the actual total fees will depend on the amount of work required).

We issue a [Statement of Responsibilities](#) (SOR) that sets out the responsibilities of both auditors and audited bodies. This document serves as the formal terms of engagement between auditors appointed by us and audited bodies. It summarises where the different responsibilities of auditors and of the audited body begin and end.

Further information

If you have any questions about our consultation process, please email us at ap2@psaa.co.uk.

Yours sincerely
Tony Crawley, Chief Executive, PSAA