

REPORT OF THE
Audit Committee

PART I

1. APPOINTMENT OF LOCAL EXTERNAL AUDITOR

- 1.1 The Audit Committee received a report from the Director of Corporate Operations on the options available to the County Council with regard to the local appointment of its external auditors, in accordance with the Local Audit and Accountability Act 2014 (the Act) on 16 December 2021 (Appendix 1).
- 1.2 Existing arrangements cover the audit of accounts up to and including the 2022/23 financial year. The County Council is therefore required to put in place arrangements for the appointment of its external auditors from April 2023 in accordance with the Act.
- 1.3 There are three broad options open to the County Council in the appointment of their external auditor under the Act:
 - i) Make a stand-alone appointment – in addition to running a procurement exercise, the County Council would need to set up an ‘auditor panel’ consisting of a majority of independent members to advise on maintaining an independent relationship with its external auditor and on their selection and appointment;
 - ii) Set up a joint auditor panel/ local joint procurement arrangement – enables the County Council to join with other authorities of its choice to establish a ‘joint auditor panel’ and procurement process. As with the stand-alone appointment the joint auditor panel would be constituted by a majority of independent members; or
 - iii) Opt-in to a sector led body – Public Sector Audit Appointments (PSAA) has been confirmed by the Secretary of State as the sector led body to facilitate a national procurement to which the County Council can opt-in. PSAA have the ability to negotiate contracts with firms nationally, maximising opportunities for the most economic and efficient approach to procurement on behalf of the whole sector. Each of these options is outlined in greater detail within the Audit Committee report attached at Appendix 1.
- 1.4 The County Council's existing external auditors are Ernst and Young and were appointed through the PSAA arrangements.
- 1.5 The decision to opt into a sector led appointment is one that must be approved by the full Council. Opting in must take place by 11 March 2022.
- 1.6 The Audit Committee recommended on 16 December 2021 that the County Council endorse the appointment of external audit through engagement with PSAA as part of a sector-led appointment.

RECOMMENDATION

That the County Council accepts the invitation to opt-in to Public Sector Audit Appointments (PSAA) national scheme for the appointment of external auditors for Hampshire County Council (including the Hampshire Pension Fund) for the five-year period from April 2023, noting that the decision to opt-in will be taken before contract prices are known.