

REPORT OF THE Audit Committee

PART I

256. APPOINTMENT OF LOCAL EXTERNAL AUDITOR

1. The Audit Committee received a report from the Director of Corporate Resources 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 23 June 2016 and 29 September 2016 (Appendices 1 and 2).

2. In accordance with the Act the County Council is required to put in place new arrangements for the appointment of its external auditors, to make a first appointment by 31 December 2017.

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 – the County Council would need to set up an ‘audit 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 arrangements – enables the County Council to join with other authorities of its choice to establish a ‘joint audit panel’ and procurement process. As with the stand alone appointment the joint audit 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 Department of Communities & Local Government 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 reports attached at Appendices 1 and 2.

4. The decision to opt in to a sector led appointment is one that must be approved by the full Council.

5. The Audit Committee recommended on 29 September 2016 that the County Council endorse the future appointment of external audit through engagement with PSAA as part of a sector-led appointment.

RECOMMENDATION

That the County Council approve that the future appointment of external audit for Hampshire County Council as required under the Local Government and Accountability Act 2014, be undertaken through engagement with Public Sector Audit Appointments (PSAA) as part of a sector-led appointment.

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