

**REPORT TO: WEST OF ENGLAND COMBINED AUTHORITY  
COMMITTEE**

**DATE: 16 December 2022**

**REPORT TITLE: APPOINTMENT OF EXTERNAL AUDITOR**

**DIRECTOR: RICHARD ENNIS, INTERIM DIRECTOR OF  
INVESTMENT & CORPORATE SERVICES (s73  
OFFICER)**

**AUTHOR: SELONGE RUSSELL, HEAD OF FINANCE**

**Purpose of Report**

1. Grant Thornton are the appointed External Auditors for the West of England Combined Authority. They were appointed under the Public Sector Audit Appointments, (PSAA), process for the Statements of Accounts period up to, and including, the 2022/23 financial year.
2. The PSAA invited public sector bodies to 'opt in' for a further audit period from 2023/24 to 2027/28. The Combined Authority took up this offer, as agreed through a formal decision at the Combined Authority Committee meeting held on the 28 January 2022.
3. The purpose of this report is to confirm the outcome of the PSAA procurement. **Grant Thornton** was successful in winning a contract in the procurement, and PSAA are appointing this firm as the auditor of West of England Combined Authority for five years from 2023/24.

**Recommendation:**

- (a) **The West of England CA Committee is requested to note the appointment of Grant Thornton as the External Auditors for the West of England Combined Authority for five years from 2023/24.**

## Background / Issues for Consideration

4. The Local Audit & Accountability Act 2014 put in place the framework which allows local authorities to appoint their own external auditors. Prior to 2010, the Audit Commission was responsible for appointments with the work either being undertaken by their in-house auditors or by a limited number of private firms. The Audit Commission was also responsible for standard setting.
5. In August 2010, the then Secretary of State for Communities and Local Government announced that the Audit Commission would be abolished. His stated aims were to reduce costs and improve local democratic accountability by allowing local authorities to appoint their own external auditors from a more competitive market.
6. As part of the transitional arrangements, the Audit Commission undertook a competitive exercise which resulted in a series of regional contracts being awarded to Grant Thornton, KPMG, Ernst & Young and Mazars. The new contracts commenced in 2012 and saved over £25M nationally in audit fees each year.
7. The Audit Commission closed in March 2015 with responsibility for the existing appointments transferring to Public Sector Audit Appointments Limited (PSAA) an independent company established by the Local Government Association.
8. Only the full Combined Authority, (CA), Committee has the ability under the Local Audit & Accountability Act to approve the use of PSAA Ltd to carry out future external audit procurement processes on our behalf although the Audit Committee, being charged with governance, can provide their views to the CA Committee to help inform the decision.
9. The Combined Authority approved the use of the PSAA Ltd in March 2017 which has enabled the CA to come together with other authorities to procure audit services through a sector led organisation and secure the associated economies of scale. To date, Grant Thornton have been our appointed auditor through this process.
10. The current approval covers the external audit of the Statutory Accounts up to and including the 2022/23 financial accounting period. The PSAA formally invited all eligible bodies to opt-in to the national scheme for local auditor appointments for the audits of 2023/24 through to 2027/28, and the Combined Authority accepted this invitation.
11. On 3 October 2022 PSAA provided the outcome of their procurement to let audit contracts from 2023/24. **Grant Thornton** was successful in winning a contract in the procurement, and they proposed appointing this firm as the auditor of West of England Combined Authority for five years from 2023/24.
12. The 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.

## Consultation

13. Consultation took place with the Audit Committee on 9<sup>th</sup> December 2021 regarding opting in offer. Opting in to the PSAA procurement was agreed at the West of England Combined Authority Committee on 28 January 2022. The Audit Committee noted the PSAA decision at the meeting held on 17<sup>th</sup> November 2022.

## Public Sector Equality Duties

14. The public sector equality duty created under the Equality Act 2010 means that public authorities must have due regard to the need to:

- Eliminate unlawful discrimination, harassment and victimization and other conduct prohibited by the Act.
- Advance equality of opportunity between people who share a protected characteristic and those who do not.
- Foster good relations between people who share a protected characteristic and those who do not.

17.1. The Act explains that having due regard for advancing equality involves:

- Removing or minimising disadvantages suffered by people due to their protected characteristics.
- Taking steps to meet the needs of people from protected groups where these are different from the needs of other people.
- Encouraging people from protected groups to participate in public life or in other activities where their participation is disproportionately low.

17.2. The general equality duty therefore requires organisations to consider how they could positively contribute to the advancement of equality and good relations. It requires equality considerations to be reflected in the design of policies and the delivery of services, including policies, and for these issues to be kept under review.

## Finance Implications:

15. The PSAA process for commissioning external audit services is a free service which enables the CA to benefit from economies of scale as well as accessing national quality assurance of external audit services delivered.

16. PSAA 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 their website by 30 November 2023. As indicated in their recent press release which announced the procurement outcome, the advice to bodies is to anticipate an increase of the order of 150% on the total fees for 2022/23 - noting that the actual total fees will depend on the amount of work required.

*Advice given by: Richard Ennis, Interim Director of Investment & Corporate Services*

## Legal Implications:

17. The Local Audit & Accountability Act 2014 put in place the framework which allows local authorities to appoint their own external auditors. Public Sector Audit Appointments, (PSAA), commissions auditors to provide audits that are compliant with

the National Audit Office's Code of Audit Practice ('the Code'). PSAA is required by s16 of the Local Audit (Appointing Person) Regulations 2015 (the Regulations) to set the scale fees by the start of each financial year

*Advice given by: Stephen Gerrard, Interim Director of Legal*

**Background papers:**

Procurement of External Auditors report to the Combined Authority Committee – 1 March 2017.

Appointing an External Auditor report to Audit Committee – 9<sup>th</sup> December 2021.

West of England CA Committee Budget Report - 28 January 2022

**West of England Combined Authority Contact:**

Any person seeking background information relating to this item should seek the assistance of the contact officer for the meeting who is Tim Milgate on 0117 332 1486; or by writing to West of England Combined Authority, 3 Rivergate, Temple Way, Bristol BS1 6ER; email: [democratic.services@westofengland-ca.gov.uk](mailto:democratic.services@westofengland-ca.gov.uk)