

To: Joint Audit Committee

Date: 26th January 2022

By: Chief Finance Officer

Title: Procurement of External Auditor Services from 2023/24

Purpose of Report: The purpose of this report is to advise the Committee of the recommended process to appoint an external auditor from 2023/24, the options and the deadline for their appointment.

Recommendations

Members of the Committee are asked to:

Note the contents of the report and provide comments as necessary to the Police and Crime Commissioner and/or the Chief Constable, noting that the Chief Finance Officer is recommending that the Police and Crime Commissioner opts-in to the PSAA scheme for auditor appointments due to the benefits outlined in this report and that the Chief Constable must use the auditor appointed by the PCC.

Terms of Reference

Review any issue referred to the Committee by the statutory officers of the PCC or CC and make recommendations as appropriate.

1. Summary

1.1 This report sets out the options available for appointing an external auditor for the Police and Crime Commissioner and Chief Constable from 1 April 2023 when the current five-year contract ends and recommends the preferred option to opt-in to the PSAA scheme for auditor appointment.

2. Background

2.1 The Police Reform and Social Responsibility Act 2011 established the Police and Crime Commissioner and the Chief Constable as separate entities (known as 'corporations sole'). As separate bodies, both the Commissioner and the Chief Constable are required to appoint their own Chief Finance Officers, each with statutory responsibilities, as being the person responsible for proper financial administration under the provisions of the Act.

- 2.2 Each body is subject to audit under the Local Audit and Accountability Act 2014 and are thus required to prepare a set of accounts. The Commissioner, with ultimate control over the Chief Constable's resources, also must prepare group accounts.
- 2.3 Under the Local Audit and Accountability Act 2014 auditors must be appointed no later than 31 December in the year prior to the year to be audited. The appointment may last for more than one year, but a new appointment must be made at least once every five years.
- 2.4 Schedule 3 of the Act sets out that the chief constable must not appoint a local auditor and that the accounts must be audited by the local auditor appointed by the police and crime commissioner for the area.

3. Existing External Audit Arrangements

- 3.1 The Local Audit and Accountability Act 2014 (the Act) ended the Audit Commission and established transitional arrangements for the appointment of external auditors and the setting of audit fees for all local government and NHS bodies in England.
- 3.2 The Act also set out the arrangements for the appointment of auditors for subsequent years, with the opportunity for Police and Crime Commissioners and Chief Constables to make their own decisions about how and by whom their auditors are appointed. Regulations made under the Act allow authorities to 'opt in' for their auditor to be appointed by an 'appointing person'.
- 3.3 The PCC and Chief Constable are currently 'opted in' to a scheme managed by Public Sector Audit Appointments (PSAA) with Ernst and Young LLP appointed as the auditor with effect from 2018/19 for 5 years. A total of 484 of 493 eligible public sector bodies (98%) opted to join the PSAA scheme for this period. This contract ends on 31 March 2023 and a new contract must be established.
- 3.4 Although the existing arrangements will be used for the audit of the accounts for the 2021/22 and 2022/23 financial years, the governance requirements under the Act, opt-in deadlines set by PSAA, and the lead in times associated with the procurement and appointment of auditors means that it is now time to review options for the period beginning in April 2023.
- 3.5 Surrey currently shares the same auditor as the Sussex Police and Crime Commissioner and Chief Constable thereby reducing duplication of effort and differences of approach on collaborated areas. It is therefore important that both Surrey and Sussex continue to share the same auditor, and hence would need to go through the same appointment process, if these benefits are to be continued.

4. Pressures in the current local audit market and delays in issuing opinions

- 4.1 Much has changed in the local audit market since audit contracts were last awarded in 2017. At that time the audit market was relatively stable, there had been few changes in audit requirements, and local audit fees had been reducing over a long period. 98% of those bodies eligible opted into the national scheme and attracted very competitive bids from audit firms. The resulting audit contracts took effect from 1 April 2018.
- 4.2 During 2018 a series of financial crises and failures in the private sector year led to questioning about the role of auditors and the focus and value of their work. Four independent reviews were commissioned by Government: Sir John Kingman's review of the Financial Reporting Council (FRC), the audit regulator; the Competition and Markets Authority review of the audit market; Sir Donald Brydon's review of the quality and effectiveness of audit; and [Sir Tony Redmond's](#) review of local authority financial reporting and external audit. The recommendations are now under consideration by Government, with the clear implication that significant reforms will follow. A new audit regulator (ARGA) is to be established, and arrangements for system leadership in local audit are to be introduced. Further change will follow as other recommendations are implemented.
- 4.3 The Kingman review has led to an urgent drive for the FRC to deliver rapid, measurable improvements in audit quality. This has created a major pressure for audit firms to ensure full compliance with regulatory requirements and expectations in every audit they undertake. By the time firms were conducting 2018/19 local audits during 2019, the measures they were putting in place to respond to a more focused regulator were clearly visible. To deliver the necessary improvements in audit quality, firms were requiring their audit teams to undertake additional work to gain deeper levels of assurance. However, additional work requires more time, posing a threat to the firms' ability to complete all their audits by the target date for publication of audited accounts. Delayed opinions are not the only consequence of the FRC's drive to improve audit quality. Additional audit work must also be paid for. As a result, many more fee variation claims have been needed than in prior years.
- 4.4 This situation has been accentuated by growing auditor recruitment and retention challenges, the complexity of local government financial statements and increasing levels of technical challenges as bodies explore innovative ways of developing new or enhanced income streams to help fund services for local people. These challenges have increased in subsequent audit years, with Covid-19 creating further significant pressure for finance and audit teams.
- 4.5 None of these problems is unique to local government audit. Similar challenges have played out in other sectors, where increased fees and disappointing responses to tender invitations have been experienced during the past two years.
- 4.6 Surrey has been impacted by these changes in that the signing off of the 2020/21 accounts has been delayed due to additional audit

requirements in respect of Fixed Assets and Pensions driven by the FRC and a shortage of audit staff to complete the audit.

5. Requirements Under The Local Audit And Accountability Act 2014 - Options

- 5.1. The Local Audit and Accountability Act 2014 sets out that the accounts of a relevant authority must be audited in accordance with the Act by an auditor appointed in accordance with the Act. This appointment of an auditor must take place no later than 31 December in the year preceding the audit. An auditor may be appointed for more than one financial year, but a further appointment process must take place at least every 5 years. This does not prevent an authority from re-appointing an auditor at the end of a 5-year period.
- 5.2. There are three ways for a police and crime commissioner to appoint an auditor under the Act:
- Undertake an individual auditor procurement and appointment exercise
 - Undertake a joint auditor procurement and appointment exercise with other bodies
 - Opt-in to arrangements made through an 'appointing person' specified by the Secretary of State
- 5.3 The three options and their potential advantages and disadvantages are summarised below and detailed in Table 1. Under all three options, only audit firms registered to conduct local audits can be appointed.

Option 1 – Individual Auditor Procurement And Appointment Exercise

- 5.4 The auditor appointment arrangements under the Act allow local authorities to appoint their own auditors via an auditor panel, with a requirement to consult with the panel and take its advice into consideration in the selection and appointment of the auditor. The panel is also required to advise the authority on maintaining an independent relationship with its auditor.
- 5.5 The requirement to have an auditor panel does not apply to a chief constable as the accounts of the chief constable must be audited by the auditor appointed by the police and crime commissioner for the area. A police and crime commissioner must however consult with and consider the advice of the commissioner's auditor panel on the selection and appointment of the local auditor.
- 5.6 An auditor panel must be made up of at least 3 members and a majority must be independent members, including the chair. The definition of independence is set out in [the Local Auditor \(Auditor Panel Independence\) Regulations 2014](#). Given that all the members of JAC are independent it would be possible to appoint a number of JAC members to an audit panel although this panel would be separate to JAC.

- 5.7 To enable the auditor panel to operate, the authority is required to provide information of relevance to the panel's work when requested and key individuals are required to attend meetings of the panel to answer questions when asked. The Act also requires the authority to publish advice from its auditor panel, including details of whether advice has been followed and why.
- 5.8 The regulations also allow the use of another authority's auditor panel, which removes the need to constitute a new auditor panel and may increase independence. This however requires finding another authority with an established auditor panel willing to enter into this arrangement. It may also make it more difficult to ensure the specific needs of the authority are understood by the panel and the logistics for key individuals to interact with the panel may be more challenging (although the use of technology may mitigate this to an extent).
- 5.9 To run a procurement exercise, a tender process would need to be run in line with Public Contract Regulations with the associated resource costs involving specialist officer input from Finance, Legal and Procurement teams. Relevant resource and expertise would also be required for contract management. A compliant tender would ensure value for money but in a specialist market with very limited numbers of approved suppliers it is likely that better value could be achieved by leveraging the scale of the PSAA offer to suppliers (see Option 3). There is also a risk that no tenders may be received at all

Option 2 –Joint Auditor Procurement and Appointment Exercise

- 5.10 The Act also allows a local authority to establish a joint auditor panel with other local authorities for the procurement and appointment of auditors. The requirements around the appointment of an auditor panel are the same as for Option 1, including the independence requirements.
- 5.11 The operational arrangements with this option will be more complex due to the need to set up and run an auditor panel jointly with multiple local authorities and the need to set up any associated contractual arrangements. There is also a need to find other authorities with the appetite to join such an arrangement.
- 5.12 There will also be procurement considerations to make, for example the decision as to whether to use a single tender process to procure a single contract for all bodies or whether instead to use a joint auditor panel but procure separately.
- 5.13 Similar considerations would be required as for Option 1 in terms of resources to support a procurement exercise and subsequent contract management, although these costs would be shared with other local authorities. The contract would likely be of lower value to suppliers than the PSAA offer.

Option 3 – Opt-In To The National Scheme For Auditor Appointments Through PSAA

- 5.14 The Secretary of State has confirmed PSAA in the role of the appointing person for eligible principal bodies for the period commencing April 2023. There is therefore the option to once again opt-in to this national scheme for auditor appointments.
- 5.15 PSAA issued its invitation to the Police and Crime Commissioner to opt-in to this scheme on 22 September 2021 alongside its scheme prospectus and procurement strategy – See the Appendix. To opt-in the Police and Crime Commissioner and Chief Constable must send formal acceptance to PSAA by 11 March 2022. If the decision is made not to accept the invitation to opt in by the closing date, you may subsequently make a request to opt in, but only after 1 April 2023.
- 5.16 There are currently 476 eligible bodies that have been invited to opt into the appointing person arrangements. This number may reduce slightly from 1 April 2023 given the planned reorganisation in the counties of Cumbria, North Yorkshire, and Somerset.
- 5.17 [PSAA's procurement strategy](#) sets out that its primary aim is to secure the delivery of an audit service of the required quality for every opted-in body at a realistic market price and to support the drive towards a long term competitive and more sustainable market for local public audit services. The PSAA recognises the importance of ensuring that audits are completed within statutory timescales and this will be reflected in the procurement.
- 5.18 The prices submitted by bidders through the procurement will be the key determinant of the value of audit fees paid by opted-in bodies. PSAA will:
- seek to encourage realistic fee levels and to benefit from the economies of scale associated with procuring on behalf of a significant number of bodies.
 - continue to pool scheme costs and charge fees to opted-in bodies in accordance with the published fee scale as amended following consultations with scheme members and other interested parties (pooling means that everyone within the scheme will benefit from the prices secured via a competitive procurement process – a key tenet of the national collective scheme).
 - continue to minimise its own costs, around 4% of scheme costs, and as a not-for-profit company will return any surplus funds to scheme members. In 2019 it returned a total £3.5million to relevant bodies and in 2021 a further £5.6million was returned.
- 5.19 PSAA will seek to encourage market sustainability in its procurement. Firms will be able to bid for a variety of differently sized contracts so that they can match their available resources and risk appetite to the contract for which they bid. They will be required to meet appropriate quality standards and to reflect realistic market prices in their

tenders, informed by the scale fees and the supporting information provided about each audit. Where regulatory changes are in train which affect the amount of audit work suppliers must undertake, firms will be informed as to which developments should be priced into their bids.

- 5.20 The scope of a local audit is fixed. It is determined by the Code of Audit Practice (currently published by the National Audit Office), the format of the financial statements (specified by CIPFA/LASAAC) and the application of auditing standards regulated by the FRC. These factors apply to all local audits irrespective of whether an eligible body decides to opt into PSAA's national scheme or chooses to make its own separate arrangements. The requirements are mandatory; they shape the work auditors undertake and have a bearing on the actual fees required.
- 5.21 There are currently nine audit providers eligible to audit local authorities and other relevant bodies under local audit legislation. This means that a local procurement exercise would seek tenders from the same firms as the national procurement exercise, subject to the need to manage any local independence issues. Local firms cannot be invited to bid. Local procurements must deliver the same audit scope and requirements as a national procurement, reflecting the auditor's statutory responsibilities.

6. Timescales

- 6.1 To exercise the option to opt-in to the national auditor appointment arrangements (Option 3) the PSAA will need to be informed by 11 March 2022 by completing the opt-in form (See the Appendix). This is because of the lead-in time required to run a national procurement exercise. As corporations sole the decision to opt-in must be taken by the Police and Crime Commissioner and the Chief Constable, noting that the Chief Constable is not permitted to appoint an auditor under the Local Audit and Accountability Act 2014 (Schedule 3) as the accounts must be audited by the auditor appointed by the Police and Crime Commissioner.
- 6.2 If the decision is instead to appoint an auditor through either Option 1 or Option 2 (individual or joint procurement and appointment) then an auditor panel will need to be established and a procurement exercise will need to be run. Option 2 will also require the identification of other local authorities/PCC's to create the joint auditor panel and agreement on any contractual and operational requirements. Any procurement exercise would need to be completed to allow the appointment of auditors no later than 31 December 2022. A fully compliant tender process would take a minimum of 6 months and be dependent on the availability and expertise of key officers including those from Finance, Legal and Procurement and would need to factor in the requirements relating to the auditor panel.
- 6.3 Sussex Police and Crime Commissioner will also be making decisions through their own governance arrangements about whether to opt-

in to the PSAA scheme by 11 March 2022 and so any final decision will need to take in to account Sussex's proposed arrangements.

Table 1 – Advantages and disadvantages of the options available

	Option 1 – Individual auditor procurement and appointment exercise	Option 2 – Joint auditor procurement and appointing exercise with other bodies	Option 3 – Opt-in to national scheme for auditor appointments through PSAA
Advantages	<ul style="list-style-type: none"> • Setting up an auditor panel allows local input into the appointment of an auditor (although the auditor panel must have a majority of independent members) • Able to set own procurement evaluation criteria rather than this being decided by PSAA (although must take advice from auditor panel) • Able to form a direct contract with the audit provider with the opportunity to agree contractual terms regarding performance and quality 	<ul style="list-style-type: none"> • Costs associated with setting up the auditor panel and running a procurement exercise can be shared across the local authorities involved with the joint process • May increase the chance to negotiate lower fees due to the larger combined contract value than for an individual procurement • Able to form a direct contract with the audit provider with the opportunity to agree contractual terms regarding performance and quality 	<ul style="list-style-type: none"> • Costs are shared across all authorities opting in to the arrangements • The opportunity to secure the appointment of a qualified, registered auditor - there are only nine accredited local audit firms, and a local procurement would be drawing from the same limited supply of auditor resources as PSAA’s national procurement. • Any conflicts at individual authorities would be managed by PSAA who would have a number of contracted firms to call upon. • There is no need to set up a local auditor panel for a separate procurement. • Ongoing contract and performance management of the contracts once these have been let. • Managing the procurement process to ensure both quality and price criteria are satisfied.

<p>Disadvantages</p>	<ul style="list-style-type: none"> • Costs of recruitment and servicing of the auditor panel including expenses and allowances. • Procurement costs to run a selection process and negotiate contracts. • Lower contract value than other options reducing opportunities to negotiate lower fees, may result in higher audit fees. • May result in the appointment of a different auditor from other Surrey PCC/CC leading to additional work in relation to the collaborative areas of work. • The risk that the procurement process does not result in an appointable audit firm. • Can only appoint firms registered for local audit so will not identify any additional suppliers to those available to the PSAA. 	<ul style="list-style-type: none"> • Costs of recruitment and servicing of the auditor panel including expenses and allowances. • Procurement costs to run a selection process and negotiate contracts. • Decision making is further removed from local input. There may be a wholly independent auditor panel or there may be representatives from each authority within an auditor panel that has a majority of independent members. • May lead to reduced control over the audit process if a joint contract is entered into. • Potential for complications due to independence issues e.g. where an audit firm is currently or has recently carried out consultancy or advisory work for one of more of the authorities conducting the joint procurement. • Greater complexity of operational and contractual arrangements to set up and manage. 	<ul style="list-style-type: none"> • JAC Members have limited opportunity for direct involvement in the selection and appointment process. • Authorities will need to opt-in before contract prices and quality scores are known. • Audit fees are agreed by PSAA. • Procurement evaluation criteria set by PSAA (e.g. PSAA has defined a relative price:quality weighting of 20:80)
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7. Conclusions and Next Steps

- 7.1 The Police and Crime Commissioner and Chief Constable must comply with the requirements of the Local Audit and Accountability Act 2014 in appointing independent external auditors. There are three main routes available to local authorities in making these appointments, each of which bring their own advantages and disadvantages, as detailed in Table 1.
- 7.2 It is the Chief Finance Officers recommendation that the Police and Crime Commissioner opt-in to the national scheme through Public Sector Audit Appointments Limited (PSAA). If accepted this report and comments received from the Committee will be presented to the Police and Crime Commissioner for a decision and the opt-in will be confirmed with PSAA by 11 March 2022 at the latest following the process set out in the Appendix.
- 7.3 If a decision is made not to opt-in to this scheme then an independent auditor panel will need to be established and a procurement exercise will need to commence to appoint auditors no later than 31 December 2022. This could be individually or jointly with other authorities.

Contact Details

Contact: Kelvin Menon, Chief Finance Officer
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Appendix - Police and Crime Commissioner for Surrey invitation to opt-in to the PSAA route to market

22 September 2021

To: Ms Townsend, Police and Crime Commissioner
Police and Crime Commissioner for Surrey

Copied to: Mr Menon, S151 Officer
Mr Brown, Chair of Audit Committee or equivalent
Ms Bolton, Chief Executive

Dear Ms Townsend,

Invitation to opt into the national scheme for auditor appointments from April 2023

I want to ensure that you are aware the external auditor for the audit of your accounts for 2023/24 has to be appointed before the end of December 2022. That may seem a long way away but, as your organisation has a choice about how to make that appointment, your decision-making process needs to begin soon.

We are pleased that the Secretary of State has confirmed PSAA in the role of the appointing person for eligible principal bodies for the period commencing April 2023. Joining PSAA's national scheme for auditor appointments is one of the choices available to your organisation.

In June 2021 we issued a draft prospectus and invited your views and comments on our early thinking on the development of the national scheme for the next period. Feedback from the sector has been extremely helpful and has enabled us to refine our proposals which are now set out in the [scheme prospectus](#) and our [procurement strategy](#). Both documents can be downloaded from our website which also contains a range of useful information that you may find helpful.

The national scheme timetable for appointing auditors from 2023/24 means we now need to issue a formal invitation to you to opt into these arrangements. In order to meet the requirements of the relevant regulations, we also attach a form of acceptance of our invitation which you must use if your organisation decides to join the national scheme. We have specified the five consecutive financial years beginning 1 April 2023 as the compulsory appointing period for the purposes of the regulations which govern the national scheme.

Given the very challenging local audit market, we believe that eligible bodies will be best served by opting to join the scheme and have attached a short summary of why we believe that is the best solution both for individual bodies and the sector as a whole.

I would like to highlight three matters to you:

1. if you opt to join the national scheme, we need to receive your formal acceptance of this invitation by Friday 11 March 2022;

2. if you decide not to accept the invitation to opt in by the closing date, you may subsequently make a request to opt in, but only after 1 April 2023. We are required to consider such requests and agree to them unless there are reasonable grounds for their refusal. PSAA must consider a request as the appointing person in accordance with the Regulations. The Regulations allow us to recover our reasonable costs for making arrangements to appoint a local auditor in these circumstances, for example if we need to embark on a further procurement or enter into further discussions with our contracted firms; and
3. the relevant regulations require that, except for a body that is a corporation sole (e.g. a police and crime commissioner), the decision to accept our invitation and to opt in must be made by the members of the authority meeting as a whole e.g. Full Council or equivalent. We appreciate this will need to be built into your decision-making timetable. We have deliberately set a generous timescale for bodies to make opt in decisions (24 weeks compared to the statutory minimum of 8 weeks) to ensure that all eligible bodies have sufficient time to comply with this requirement.

Please note that the responsibility for the decision about appointing an auditor for the Chief Constable is reserved to the Police and Crime Commissioner (PCC) / Police, Fire and Crime Commissioner (PFCC) for a police area (under schedule 3 of the Local Audit and Accountability Act 2014), and so we envisage that the PCC/PFCC will consider the options in conjunction with the Chief Constable.

We have issued the opt-in invitation directly to Chief Constables as well as PCCs/PFCCs because the Local Audit (Appointing Person) Regulations 2015 require us to issue an invitation to "*all principal authorities which fall within the class of authorities in relation to which the person has been specified*" (Regulation 8).

Our opt-in invitation information provides Chief Constables with essential information about our appointing person arrangements in order to enable Chief Constables to engage with their PCC/PFCC on this matter.

A PCC/PFCC who decides to opt into our scheme is required to submit a notice of acceptance of the invitation which also covers the Chief Constable. If the notice does not do this we are required to make contact to confirm the position. We will then make separate auditor appointments (of the same audit firm) to the opted-in PCC/PFCC and Chief Constable.

If you have any other questions not covered by our information, do not hesitate to contact us by email at ap2@psaa.co.uk. We also publish answers to [frequently asked questions](#) on our website.

If you would like to discuss a particular issue with us, please send an email also to ap2@psaa.co.uk, and we will respond to you.

Yours sincerely

Tony Crawley, Chief Executive

Encl: Summary of the national scheme

Why accepting the national scheme opt-in invitation is the best solution

Public Sector Audit Appointments Limited (PSAA)

We are a not-for-profit, independent company limited by guarantee incorporated by the Local Government Association in August 2014.

We have the support of the LGA, which in 2014 worked to secure the option for principal local government and police bodies to appoint auditors through a dedicated sector-led national body.

We have the support of Government; MHCLG's Spring statement confirmed our appointment because of our "strong technical expertise and the proactive work they have done to help to identify improvements that can be made to the process".

We are an active member of the new Local Audit Liaison Committee, chaired by MHCLG and attended by key local audit stakeholders, enabling us to feed in body and audit perspectives to decisions about changes to the local audit framework, and the need to address timeliness through actions across the system.

We conduct research to raise awareness of local audit issues, and work with MHCLG and other stakeholders to enable changes arising from Sir Tony Redmond's review, such as more flexible fee setting and a timelier basis to set scale fees.

We have established an advisory panel, which meets three times per year. Its membership is drawn from relevant representative groups of local government and police bodies, to act as a sounding board for our scheme and to enable us to hear your views on the design and operation of the scheme.

The national scheme for appointing local auditors

In July 2016, the Secretary of State specified 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. Acting in accordance with this role 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. 98% of eligible bodies made the choice to opt-in for the five-year period commencing in April 2018.

We will appoint an auditor for all opted-in bodies for each of the five financial years beginning from 1 April 2023.

We aim for all opted-in bodies to receive an audit service of the required quality at a realistic market price and to support the drive towards a long term competitive and more sustainable market for local audit. The focus of our quality assessment will include resourcing capacity and capability including sector knowledge, and client relationship management and communication.

What the appointing person scheme from 2023 will offer

We believe that a sector-led, collaborative, national scheme stands out as the best option for all eligible bodies, offering the best value for money and assuring the independence of the auditor appointment.

The national scheme from 2023 will build on the range of benefits already available for members:

- transparent and independent auditor appointment via a third party;
- the best opportunity to secure the appointment of a qualified, registered auditor;
- appointment, if possible, of the same auditors to bodies involved in significant collaboration/joint working initiatives, if the parties believe that it will enhance efficiency;
- on-going management of any independence issues which may arise;
- access to a specialist PSAA team with significant experience of working within the context of the relevant regulations to appoint auditors, managing contracts with audit firms, and setting and determining audit fees;
- a value for money offer based on minimising PSAA costs and distribution of any surpluses to scheme members - in 2019 we returned a total £3.5million to relevant bodies and more recently we announced a further distribution of £5.6m in August 2021;
- collective efficiency savings for the sector through undertaking one major procurement as opposed to a multiplicity of smaller procurements;
- avoids the necessity for local bodies to establish an auditor panel and undertake an auditor procurement, enabling time and resources to be deployed on other pressing priorities;
- updates from PSAA to Section 151 officers and Audit Committee Chairs on a range of local audit related matters to inform and support effective auditor-audited body relationships; and
- concerted efforts to work with other stakeholders to develop a more sustainable local audit market.

We are committed to keep developing our scheme, taking into account feedback from scheme members, suppliers and other stakeholders, and learning from the collective post-2018 experience. This work is ongoing, and we have taken a number of initiatives to improve the operation of the scheme for the benefit of all parties.

Importantly we have listened to your feedback to our recent consultation, and our response is reflected in [the scheme prospectus](#).

Opting in

The closing date for opting in is 11 March 2022. We have allowed more than the minimum eight-week notice period required, because the formal approval process for most eligible bodies is a decision made by the members of the authority meeting as a whole [Full Council or equivalent], except police and crime commissioners or police, fire and crime commissioners who are able to make their own decision.

We will confirm receipt of all opt-in notices. A full list of eligible bodies that opt in will be published on our website. Once we have received an opt-in notice, we will write to you to request information on any joint working arrangements relevant to your auditor appointment, and any potential independence matters which may need to be taken into consideration when appointing your auditor.

Next Steps

We expect to formally commence the procurement of audit services in early February 2022. At that time our procurement documentation will be available for opted-in bodies to view through our e-tendering platform.

Our recent webinars to support our consultation proved to be popular, and we will be running a series of webinars covering specific areas of our work and our progress to prepare for the second appointing period. Details can be found on [our website](#) and in [the scheme prospectus](#).