



17 August 2016

Dear Mr Thompson

PSAA has been specified by DCLG as the appointing person for auditor appointments at principal local government bodies

I am writing to you with updated information on the position on local auditor appointment requirements, following recent developments.

Local auditor appointments

Last month, the Secretary of State for Communities and Local Government confirmed that Public Sector Audit Appointments Limited (PSAA) has been specified as an appointing person under the provisions of the Local Audit and Accountability Act 2014 (the 2014 Act) and the Local Audit (Appointing Person) Regulations 2015. This means that PSAA will make auditor appointments to relevant principal local government bodies that choose to opt into the national appointment arrangements we are developing, for audits of the accounts from 2018/19.

Current auditor appointments are made under the audit contracts previously let by the Audit Commission and now managed by PSAA under transitional arrangements. These audit contracts will end with the completion of the 2017/18 audits for principal local government bodies including police and fire bodies, and the completion of the 2016/17 audits for NHS bodies.

A top priority for PSAA in developing the new scheme will be to ensure we are able to make independent auditor appointments at the best possible prices. We will also endeavour to appoint the same auditors to bodies which are involved in formal collaboration or joint working initiatives.

We are currently working on the details of the scheme, including a timetable, and will provide further information as soon as possible.

Timetable

Over the next few months all principal authorities will need to decide how their auditors will be appointed under the new requirements. They may make their auditor appointment themselves, or in conjunction with other bodies. Or principal local government bodies can take advantage of the national collective scheme that PSAA is developing, which should pay dividends in terms of quality, cost, responsiveness and convenience.

New appointments, for the 2018/19 accounts for principal local government bodies, must be made under the provisions of the 2014 Act and confirmed by 31 December 2017.

The date by which principal local government bodies will need to opt into the appointing person arrangement is not yet finalised. The aim is to award contracts to audit firms by June 2017, giving six months to consult on appointments with authorities before the 31 December 2017 deadline. We anticipate that invitations to opt in will be issued before December 2016.

The Local Audit (Appointing Person) Regulations 2015 require that a principal authority may only make the decision to opt into the appointing person arrangement by the members of the authority meeting as a whole, except where the authority is a corporation sole, in which case the decision may be made by the holder of the office.

More information

We will provide further updates as soon as we can.

Information is available on our website on the [specified appointing person arrangements](#) and on the [transition to local auditor appointment](#) more generally. A [prospectus for the new scheme](#) is also available on the website.

If you have a specific enquiry please contact us at generalenquiries@psaa.co.uk.

Yours sincerely

Jon Hayes
Chief Officer

<p>PSAA is an independent, not-for-profit company limited by guarantee and established by the Local Government Association. The Secretary of State for Communities and Local Government has delegated statutory functions (from the Audit Commission Act 1998) on a transitional basis. Accountability Act 2014. Under these transitional arrangements, the company is responsible for appointing auditors to local public bodies and for setting audit fees.</p>
