
PSAA CONSULTATION

Committee: Finance and Assets Committee

Date: 26th November 2020

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1. ISSUE

1.1 The PSAA (Public Sector Audit Appointments) have issued a consultation on a proposed new system for fee variations for local authorities for their external audit service.

2. RECOMMENDATION

2.1 Members are requested to authorise the Finance Manager, in consultation with the Chairman, to reply to the consultation in line with the responses detailed below.

3. BACKGROUND/OPTIONS

3.1 Members will recall that the external audit fee for 2019-20 was increased, this following discussion between EY and the Finance Manager, regarding the scope / size of the audit and how this had been impacted by changes in audit requirements nationally and specific local requirements (such as the additional audit work required around Group Accounts).

3.2 In an effort to streamline this process a formal consultation by the PSAA was recently launched with a response date of 1st December 2020. The full consultation is attached as appendix 1 to this report and the Council's proposed response is detailed immediately below.

3.3 Question 1

Do you agree that fee variation arrangements should be changed to improve the efficiency of the process and to help manage the pressure on senior finance staff and auditors?

Yes

3.4 Question 2

Do you agree that a system based on two distinct categories – national variations and local variations – would be a logical approach?

Yes

3.5 Question 3

Do you agree that PSAA should lead on national variations, carrying out research to enable it to assess appropriate additional fees for groups of bodies with similar characteristics, with appropriate consultation?

Yes

3.6 Question 4

Do you agree that local discussions between the auditor and the audited body should continue to be a requirement in relation to additional audit work arising from factors which are specific to a particular audited body?

Yes

3.7 Question 5

Do you agree that the fee rates applicable to fee variations should be increased in recognition of the importance of maintaining a sustainable local audit market?

Yes

3.8 Question 6

Any other comments?

None

4. FINANCIAL IMPLICATIONS / EQUALITY IMPACT ASSESSMENT

4.1 There are no financial implications to this report.

4.2 Equality Impact Assessment (INRA) not required.

4.3 Carbon Impact Assessment (CIA) not required.

5. APPENDIX

5.1 PSAA Formal Consultation Document

<u>Background Documents</u>	<u>Location</u>	<u>Contact Officer</u>
	Room 206 The Grange Ely	Ian Smith Finance Manager Tel: (01353) 616470 E-mail: ian.smith@eastcambs.gov.uk