

## Background

The SAAA is responsible for appointing external auditors to opted in smaller authorities and managing the contracts with the appointed auditors. The SAAA are now writing to local councils regarding the appointment for the next 5 year period – 2022/23 to 2026/27.

All authorities require an external auditor. During the last 5 years all smaller authorities opted-in to the central procurement regime managed by the SAAA: no smaller authority decided to opt-out and follow the various complex procedures required under statute to appoint their own external auditor.

### a) Opt-In

Should Rugeley Town Council continue to opt-in, then no action is required by us.

### b) Opt -Out

Opting out is a significant decision which requires careful consideration and guidance has been developed to clarify what it would mean in practice. Key implications are:

- an opted-out authority regardless of size (including exempt authorities) **MUST** appoint an appropriate external auditor;
- the appointed auditor **must** be a registered auditor as defined by the Companies Act and a member of Institute of Chartered Accountants (England and Wales).
- an opted-out authority **must** convene an appropriate independent auditor panel which meets the requirements of the Local Audit and Accountability Act 2014 (LAAA). Detailed guidance on auditor panels is available in Schedule 4 of the LAAA Act and from CIPFA;
- an opted-out authority will need to develop its own specification for its external audit contract, will need to negotiate the price for this work on an individual basis and will need to manage the contract, including any disputes, and any independence issues that may arise;
- an opted-out authority must ensure full compliance with the relevant requirements of the Local Audit and Accountability Act and supporting Regulations;
- any opted-out authority that does not successfully appoint an appropriate external auditor in the correct manner and notify SAAA who their external auditor is by 30 November 2022 will have an external auditor appointed for it by the Secretary of State through SAAA. This will result in additional costs of £300 which will have to be met by the authority.

An authority that wishes to opt out must formally reach and record that decision in a way that meets the requirements of its own governance framework, by convening a full council meeting or an extraordinary council meeting.

## For Consideration

Cllrs are asked to agree a recommendation to go to Full Council.