

Warwickshire Joint Audit and Standards Committee Report Summary

Meeting Date: 17th March 2020

Subject: External audit market update including future audit procurement and 2020/21 fee consultation

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Purpose of the Report:

Two documents are included for information and discussion by the Joint Audit and Standards Committee.

The first is a recent letter sent to S.151 officers from PSAA which sets out the changes in the audit market and the need for additional fees. It also explains PSAA's approach to the 2020/21 fee consultation and that this will be revisited once there is clarity on the 2019/20 fees and the revised NAO code.

The second document is a review undertaken by PSAA on any future audit procurement. It is available on the PSAA website, however, importantly the document considers the sustainability of audit supply alongside improvements in audit quality and the associated fee implications. The research concludes that 'almost all of the approved firms have reservations about remaining in the market'.

The report goes on to cite that these reservations have arisen as 'fees have not risen to compensate for the higher risks that the firms perceive they face' and secondly because 'the timing of local audits is problematic [given the 31 July deadline]'.

Recommendation:

The Committee to note the two documents and to bear the documents in mind in relation to later items on the agenda in relation to the audit scope letters outlining the fees and timelines for the 2019/20 audit.