

# Local Auditor Appointment

## Local auditors

1. Local audit in England is carried out by private firms, who must be registered by a recognised supervisory body, which in England is the Institute of Chartered Accountants in England and Wales (ICAEW). The following firms are currently appointed as local auditors in England:<sup>1</sup>
  - KPMG LLP;
  - Ernst & Young LLP;
  - Grant Thornton UK LLP;
  - Deloitte LLP;
  - PricewaterhouseCoopers LLP;
  - BDO LLP;
  - Mazars LLP;
  - Moore Stephens LLP; and
  - Azets Holdings Ltd.

## Local auditor appointment

### *Local government*

2. The process for appointing local auditors varies by sector. From 2015-16 to 2017-18, auditors of local government bodies were appointed by Public Sector Audit Appointments Ltd (PSAA), as part of the transitional arrangements associated with the closure of the Audit Commission.
3. From 2018-19, local government bodies can appoint their own auditors. However, with the exception of nine local bodies, they have opted into a collective procurement arrangement, operated by PSAA in its new role as 'appointing person'<sup>2</sup>, which will continue to appoint local auditors.

### *Local NHS bodies*

4. For 2015-16 and 2016-17, local auditors were also appointed by PSAA under transitional arrangements. From 2017-18, clinical commissioning groups and NHS trusts appoint their own auditors. Foundation trusts have always appointed their own auditors.

## Auditor appointment at smaller authorities

5. Section 6 of the Local Audit and Accountability Act 2014 states that an authority is a 'smaller authority' if the higher of the authority's gross income for the year and its gross expenditure for the year does not exceed £6.5 million.

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<sup>1</sup> Cardens Accountants LLP and Scott Moncrieff are also listed by the ICAEW as a registered local auditor but are not currently appointed to any local public bodies.

<sup>2</sup> The role of the 'appointing person' is set out in the Local Audit (Appointing Person) Regulations 2015.

6. Small authorities will typically include local bodies such as town and parish councils, parish meetings and internal drainage boards.
7. Smaller Authorities Audit Appointments Ltd (SAAA) was appointed by the then Department of Communities and Local Government (now Ministry of Housing, Communities and local Government) as the 'specified person' to procure and appoint external auditors to smaller authorities and to manage the ongoing audit contracts awarded for the five-year period commencing 1 April 2017.
8. Under the Local Audit (Smaller Authorities) Regulations 2015, SAAA is required to make audit arrangements for all smaller authorities other than those that have given notice that they wish to make their own arrangements and appoint their own auditors. Authorities covered by the SAAA arrangements are referred to as 'opted-in' authorities. All authorities are required by law to complete and publish an annual financial return irrespective of whether they have opted-in or opted-out of the SAAA arrangements.
9. To be eligible for appointment, a firm must meet the eligibility requirements of a 'statutory auditor' under the Companies Act 2006. SAAA has appointed the following local auditors for the financial years 2017/18 through to 2021/22:
  - Mazars LLP;
  - Moore Stephens LLP; and
  - PKF Littlejohn LLP.