

CONSIDERING THE OPTIONS

Before authorities consider the possible advantages and disadvantages of each option, they will need to investigate whether there is an appetite to procure jointly with another authority or authorities, or solely. If there is a desire for a joint contract, it is more likely that a joint auditor panel will be best at advising on appointments under the same arrangements.

Option	Possible Advantages	Possible Disadvantages
Set up own separate and individual panel to oversee separate and individual procurement	<p>Full ownership of the process</p> <p>Fully bespoke contract with the auditor</p> <p>Tendering process more based on local circumstances (within EU procurement rules)</p>	<p>May experience difficulties in appointing majority independent panel members and independent panel chair as per the regulations</p> <p>Will need to ensure that panel members are suitably qualified to understand and participate in the panel's functions</p> <p>Will have to cover panel expenses completely</p> <p>May not be able to procure at a lower cost, for example, depending on authority location, where there will be a risk of limited provider choice and a single authority contract may be less attractive to some providers</p> <p>Will not achieve economies of scale</p>
Set up a panel jointly with other authority/ authorities as part of a procurement exercise for joint contract covering more than one authority or multiple separate contracts	<p>Less administration than a sole auditor panel</p> <p>Will be able to share the administration expenses</p> <p>May be easier to attract suitable panel members</p> <p>If procuring a joint audit contract:</p> <p>May still be a relatively locally tailored process</p> <p>May be able to achieve some economies of scale</p> <p>If procuring separate audit contracts: An opportunity for fully</p>	<p>If procuring a joint audit contract:</p> <p>May need to compromise on the arrangements or auditor contract</p> <p>May not end up with first choice of auditor, compared to an individual auditor panel. If a large group of authorities work together and decide to appoint one joint audit contract across all the authorities, a joint panel may be more likely to advise appointment of an auditor it considers suitable for all authorities taken together Need to agree appointment of members across multiple</p>

Auditor Panels - Extract from CIPFA Guide to Auditors Panels

	bespoke contracts with the auditor if the group of authorities can agree	authorities and set up an appropriate joint decision-making process
Use existing committee or sub-committee	Existing administrative structure in place Existing (sub)committee should already have a better basic understanding of the authority's objectives and requirements	Possible need to appoint new (sub) committee members to comply with independence regulations
Use another authority's panel	Will not have to set up an auditor panel Arguably most independent option for the authority using the host authority's panel	The panel may not understand the specific needs of the authority May need to enter into a formal arrangement with the other authority May be difficult to find an authority willing to enter into such an arrangement May be more difficult to ensure adequate liaison with authority's own audit committee (if one exists)

This is not an exhaustive list of the advantages and disadvantages of each option. Authorities may have other reasons to choose one option over another and the weighting that authorities place on each potential benefit or detriment may swing the balance to an overall decision one way or the other.

For example, it may be that a larger authority can attract not only a good level of competency in its auditor panel membership, but also a relatively high level of interest from audit providers keen to 'win' the authority's audit. Such an authority may therefore believe that having the ability to fully own the appointment process will bring economic as well as other benefits specific to its own strategic objectives.

Conversely, for a smaller authority, the prospect of attempting to appoint a majority independent auditor panel and independent panel chair may prove challenging. In such cases, joint procurement with one or more other authorities or asking a larger authority's panel to fulfil the role may be more appropriate.

An authority appointing panellists to its own auditor panel is required to take decisions on those appointments at full council. An authority choosing to share the auditor panel of another authority will want to satisfy itself that the decision to do so is being taken on an informed basis and at a level considered appropriate by the authority. Advice from relevant officers and members may have a role to play in making the decision.

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