

## EXEMPTION FROM PROCUREMENT RULES

### External Audit Services – Certification of Housing Benefit Subsidy Claim and Pooling of HRA Right to Buy Annual Return

#### Background

Last year the Council confirmed its opt-in to the new External Auditor Appointments process run by PSAA Ltd.

The PSAA Ltd is the independent body who run related procurement exercises and appoint External Auditors to Local Authorities. BDO were confirmed as the Council's External Auditors from 2018/19 for a period of 5 years.

Unfortunately the scope of the procurement exercise undertaken by PSAA Ltd did not cover all existing areas of external audit work – it excluded the certification of the annual Housing Benefit Subsidy claim and the certification of the annual HRA Right to Buy Pooling return made to the Government.

Therefore the Council needs to make its own arrangements for these two areas of external audit work.

#### Current Position and Proposal

The Council would ordinarily undertake a separate procurement exercise for the above two strands of work and it would make sense to seek the same auditor for both.

Although the work required to be undertaken differs significantly from the Statement of Accounts and Value for Money work, when the Council appoints its own auditors for the above two strands of work, a level of independence would still need to be demonstrated.

Therefore the logical starting point was to approach the newly appointed audit firm BDO for an estimate of the price they would charge for the two strands of work required. Independence would therefore not be an issue as they were appointed under the wider PSAA Ltd procurement exercise recently undertaken as highlighted above.

On a like for like basis, their price compared with the current External Auditor is as follows:

#### ***Current External Auditor:***

HB Subsidy Claim - £13,110 (still to be confirmed however 2016/17 fee was £12,380)

RTB Pooling Return – £3,250 (based on last separately identifiable invoice paid although would be pro rata to number of RTB's per annum – 12 RTB's that year)

**Total - £16,360.**

#### ***Newly Appointed Auditor:***

HB Subsidy Claim - £9,400 (based on base fee plus estimate of additional testing that may be required)

RTB Pooling Return – £2,500 (would remain based on number of RTB's per annum with price reflecting disposals of between 10 to 25 per return)

**Total - £11,900.**

As highlighted above, the prices provided by the newly appointed External Auditor are competitive compared with the existing position.

Based on the above and that independence would not be an issue along with a degree of overlap with the wider work undertaken by the External Auditor, it would be appropriate /

practical to appoint them to undertake both the Housing Benefit Subsidy Claim and RTB Pooling certifications for the 2018/19 year.

It is proposed to confirm this for just one year, with consideration of the longer term procurement process to be undertaken over the next 12 months, which would require a further decision to confirm the position for 2019/20 and beyond.

To enable the appointment to be made, an exemption from procurement rules is requested which requires the concurrence from the Finance and Corporate Resources PFH for expenditure less than £50,000.

Recommended

Signed .....

Richard Barrett

***If you concur with the above and an exemption from procurement rules is appropriate / justified, please confirm agreement below:***

Signed .....

Cllr G Guglielmi  
Portfolio Holder for Finance and Corporate Resources