

EXEMPTION FROM PROCUREMENT RULES

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

Background

In 2018 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 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.

For both 2018/19 and 2019/20 BDO were directly engaged to undertake the certification work referred to above following an agreed exemption from the Council's procurement rules.

Current Position and Proposal

Given the practical approach of engaging the Council's existing and independently appointed external auditor (BDO) to undertake the certification work it is proposed to continue with this same route in 2020/21.

When seeking previous exemptions from procurement rules, BDO could satisfactorily demonstrate that they offered value for money when compared to the previous appointed audit firm.

For 2020/21 the quoted / expected fees are as follows:

- Housing Benefit Subsidy Claim - **£11,250** (based on base fee plus estimate of additional testing that may be required - £800 per additional 'block' of testing that may be required)
- RTB Pooling Return – **£2,650** (based on actual fee last year which remains based on the number of RTB's per annum of between 10 to 25)

Total - £13,900.

The above still provides the Council with value for money and remains lower than the fees charged by the previous external auditors 3 years ago, which was in excess of £16,000.

Based on the above and that independence would not be an issue given their wider appointment under the PSAA Ltd arrangements, it is proposed to continue to directly appoint BDO to undertake both the Housing Benefit Subsidy Claim and RTB Pooling certifications for the 2020/21.

To enable the appointment to be confirmed, an exemption from procurement rules is requested, which requires the concurrence from the Corporate Finance and Governance PFH for expenditure less than £50,000. (Taking the above and the past two years into

account, the total value does not exceed the £50k procurement exemption threshold within the Council's procurement rules).

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 Corporate Finance and Governance