

Report of	Meeting	Date
Head of Shared Assurance Services	Governance Committee	27 June 2013

LOCAL AUDIT & ACCOUNTABILITY BILL

PURPOSE OF REPORT

1. To summarise and explain the main provisions of the Local Audit & Accountability Bill as they are proposed to impact on the Council's external audit arrangements.

RECOMMENDATION

2. That the Committee notes the report and attachments.

EXECUTIVE SUMMARY OF REPORT

3. Members are already aware of the circumstances leading to the disestablishment of the Audit Commission's in-house practice and the appointment of private firms to provide external audit services to local public bodies.
4. This new Bill enables the closure of the Audit Commission's residual functions and also sets out a framework requiring local public bodies to appoint their own external auditors in future.
5. Attached to this covering report is a Plain English Guide which describes the main measures set out in the Bill.

Confidential report Please bold as appropriate	Yes	No
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CORPORATE PRIORITIES

6. This report relates to the following Strategic Objectives:

Involving residents in improving their local area and equality of access for all		A strong local economy	
Clean, safe and healthy communities		An ambitious council that does more to meet the needs of residents and the local area	X

BACKGROUND – MAIN PROVISIONS

7. The attached Plain English Guide sets out the main provisions of the Local Audit & Accountability Bill which may be summarised as follows:

- Closure of the Audit Commission's residual functions;
- A requirement for local bodies to appoint their own external auditors at least once every 5 years on the advice of an independent auditor panel;
- The development of a new external audit Code of Practice by the Comptroller & Auditor General of the National Audit Office;
- Registration, regulation and monitoring of local auditors by the accountancy professional bodies and overall supervision of standards by the Financial Reporting Council (mirroring the arrangements under the Companies Act 2006);
- Enabling the National Audit Office to undertake value for money examinations relating to thematic issues faced by local public bodies;
- Transferring the powers to run the National Fraud Initiative (NFI) to the Government;
- Continuation of public interest reporting requiring publication of any issues raised by auditors into local bodies which are of generic public interest;
- Protection of the right of the taxpayer to inspect the accounts of local bodies and raise questions and objections with the auditor;
- Giving local taxpayer the power to veto excessive council tax increases by taking account of any change in levies paid out to external bodies;
- Ensuring compliance with existing rules regulating the operation of council newspapers.

LOCAL GOVERNMENT ASSOCIATION BRIEFING

8. The overall sector's response to the Bill is also attached for members' information. Amongst the LGA's suggestions are:

- Actually changing the external audit service provider every 5 years as opposed to tendering;
- Continuing with national procurement of external audit alongside local appointment.

IMPLICATIONS OF REPORT

9. This report is of generic significance to the Council rather than impacting on individual services or activities.

COMMENTS OF THE STATUTORY FINANCE OFFICER

10. These are covered within the body of the report

COMMENTS OF THE MONITORING OFFICER

11. Not applicable to this report.

GARRY BARCLAY
HEAD OF SHARED ASSURANCE SERVICES

BACKGROUND PAPERS

Local Audit & Accountability Bill

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Garry Barclay	01772 625272	May 2013	Local Audit & Accountability Bill.doc