



Draft Local Audit Bill

Consultation response form

We are seeking your views on the following questions on the Government's draft Local Audit Bill and proposals for the audit of smaller local public bodies.

If possible, we would be grateful if you could please respond by email.

Please email: foia@communities.gsi.gov.uk

Alternatively, we would be happy to receive responses by post. Please write to:

Future of Local Audit
Department for Communities and Local Government
3/J5 Eland House
Bressenden Place
SW1E 5DU

The deadline for submissions is 5pm on 31 August 2012.

(a) About you

(i) Your details

Name:	Paul Simpson
Position:	Director of Finance and Procurement
Name of organisation (if applicable):	Nottinghamshire County Council
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(ii) Are the views expressed on this consultation an official response from the organisation you represent or your own personal views?

Organisational response	<input checked="" type="checkbox"/>
Personal views	<input type="checkbox"/>

(iii) Please tick the *one* box which best describes you or your organisation:

Upper tier local authorities	<input checked="" type="checkbox"/>	
Lower tier local authorities	<input type="checkbox"/>	
Parish and town councils	<input type="checkbox"/>	
Audit and accountancy firms	<input type="checkbox"/>	
Professional auditing and accountancy firms	<input type="checkbox"/>	
Other audited public body (e.g. fire authority, police authority, national park authority, pension authority - please state which)	<input type="checkbox"/>	
Other (please state)	<input type="checkbox"/>	

(iv) Do your views or experiences mainly relate to a particular type of geographical location?

City	<input type="checkbox"/>	
London	<input type="checkbox"/>	
Urban	<input type="checkbox"/>	
Suburban	<input type="checkbox"/>	
Rural	<input type="checkbox"/>	
Other (please comment)	<input checked="" type="checkbox"/>	County

(vi) Would you be happy for us to contact you again in relation to this consultation?

Yes	<input checked="" type="checkbox"/>
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No	<input type="checkbox"/>
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(b) Consultation questions

Draft Local Audit Bill:

Part 1 - Abolition of existing audit regime

Q1. Do you have any comments on the clauses in Part 1 or Schedule 1?

Comments (please state clearly which clause you are referring to):

The County Council supports the initiative to reduce the costs of external audit and welcomes the opportunity to appoint its own auditors.

Part 2 - Basic requirements and concepts

Q2. Do you have any comments on the clauses in Part 2 or Schedule 2?

Comments (please state clearly which clause you are referring to):

None

Part 3 - Appointment etc of auditors

Q3. Do you have any comments on the clauses in Part 3?

Comments (please state clearly which clause you are referring to):

The appointment of an independent auditor panel is considered to be an unnecessary bureaucracy. The requirement for independence is a clear duty on the appointed auditor and is implicit and explicit in the culture and legislation surrounding auditing. This proposal also undermines the role of democratically elected members, who will receive the advice of the Section 151 officer on the appointment of a suitably qualified external auditor.

Q4. Do the clauses in Part 3 strike the right balance between ensuring independence in the audit process and minimising any burden on local bodies?

Yes	<input type="checkbox"/>
No	<input checked="" type="checkbox"/>

Further comments:

The imposition of an independent auditor panel undermines the role of democratically elected members.

Q5. Does Clause 11 provide sufficient flexibility to local bodies to set up joint panel arrangements and/ or put in place other arrangements to suit local circumstances?

Yes	<input checked="" type="checkbox"/>
No	<input type="checkbox"/>

Further comments:

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Q6. Does the draft Bill strike the right balance in terms of prescription and guidance on the role of auditor panels?

Yes	<input type="checkbox"/>
No	<input checked="" type="checkbox"/>

Further comments:

The powers proposed for the auditor panel appear to be excessive. It is difficult to foresee any circumstances where the panel would add any value to the Authority.

Q7. Do you have any comments on the proposals set out in paragraphs 26-34 of the consultation document on removal and resignation?

Comments:

None

Part 4 - Eligibility and regulation of auditors

Q8. Do you have any comments on the clauses in Part 4 or Schedules 3 and 4?

Comments (please state clearly which clauses you are referring to):

None

Q9. Do you agree with the proposed definition of connected entities in clause 20?

Yes	<input checked="checked" type="checkbox"/>
No	<input type="checkbox"/>

Further comments:

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Q10. Do you have any views on how major audits should be defined in regulations?

Comments:

None

Part 5 - Conduct of audit

Q11. Do you have any comments on the clauses in Part 5?

Comments (please state clearly which clauses you are referring to):

None

Q12. Do you agree that public interest reports issued on connected entities should be considered by their 'parent' local body?

Yes	<input checked="checked" type="checkbox"/>
No	<input type="checkbox"/>

Further comments:

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Part 6 - Data Matching

Q13. Do you have any comments on the clauses in Part 6?

Comments (please state clearly which clauses you are referring to):

None

Q14. Do you have any views on the new owner(s) of the National Fraud Initiative?

Comments:

Suggest National Fraud Authority would be the best owner.

Part 7 - Inspections, studies and information

Q15. Do you have any comments on the powers provided to the Comptroller and Auditor General to undertake studies and access information within clause 94?

Comments:

The Comptroller and Auditor General is the right person to be responsible for accessing information and undertaking national studies. We would however express caution about the any move for the National Audit Office to undertake a "regulatory" role of local authorities.

Q16. Do you think that the National Audit Office should be able to undertake thematic value for money studies regarding all sectors whose bodies are subject to audit under this draft Bill?

Yes	<input checked="" type="checkbox"/>
No	<input type="checkbox"/>

Further Comments:

See comments in answer to question 15.

Q17. Do you have any comments on the other clauses in Part 7 or Schedule 5?

Comments

None

Impact Assessment:

Q18. Does the impact assessment identify the main drivers on fees?

Yes	<input checked="" type="checkbox"/>
No	<input type="checkbox"/>

Are there any other drivers on fees?:

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Q19. Are the estimates of local bodies' compliance costs realistic?

Yes	<input checked="" type="checkbox"/>
No	<input type="checkbox"/>

Further comments:

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Q20. Are the estimates of the costs and benefits to businesses realistic?

Yes	<input checked="" type="checkbox"/>
No	<input type="checkbox"/>

Further comments:

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Proposals for Smaller Bodies

Q21. Do you agree that the threshold below which smaller local public bodies should not be subject to automatic external audit should be £25,000?

Yes	<input checked="" type="checkbox"/>
No	<input type="checkbox"/>

Further comments:

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Q22. Are the additional transparency requirements we have proposed for those bodies who will not be subject to external audit robust enough to ensure that they will be accountable to the electorate?

Yes	<input checked="" type="checkbox"/>
No	<input type="checkbox"/>

Further comments:

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Q23. Are these transparency requirements proportionate to the low levels of public money these bodies are responsible for?

Yes	<input checked="" type="checkbox"/>
No	<input type="checkbox"/>

What steps will smaller bodies need to take in complying with these new requirements? :

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Q24. Do you agree that our proposals for the eligibility of auditors of smaller local public bodies will ensure that they have the requisite expertise to undertake limited assurance audits?

Yes	<input checked="" type="checkbox"/>
No	<input type="checkbox"/>

Further comments:

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Q25. Are our proposals for the regulatory framework for the audit of smaller bodies proportionate?

Yes	<input checked="" type="checkbox"/>
No	<input type="checkbox"/>

Further comments:

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Q26. Do these proposals provide a proportionate and sufficiently flexible mechanism for procuring and appointing audit services to smaller local public bodies?

Yes	<input checked="" type="checkbox"/>
No	<input type="checkbox"/>

Further comments:

(c) Additional questions

Do you have any other comments you wish to make?

Broadly we welcome the proposed changes to the public audit regime, in particular the ability to appoint our own external auditor. However, as stated we do not think the specific proposal to introduce a local independent auditor panel is helpful or indeed necessary for the reasons set out.

The National Audit Office is rightly the new owner of the Code of Audit Practice and we believe it has a role to play in carrying out national value for money studies assuming these are measured and done in conjunction with local government, ie in partnership, and not "done to it". We would however have concerns about any expansion in the National Audit Office's remit beyond this.

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