

REPORT OF SERVICE DIRECTOR, FINANCE AND PROCUREMENT**DRAFT LOCAL AUDIT BILL 2012 - CONSULTATION****Purpose of the Report**

1. To inform Members of the publication of the Draft Local Audit Bill on 6th July 2012 for consultation.

Information and Advice

2. The draft bill was issued on 6th July 2012 and runs to 213 pages. The Department for Communities and Local Government (DCLG) are consulting on the bill and asked for responses by the 31st August 2012. Unfortunately, it was not possible to bring the consultation to the Audit Committee before the end of August 2012.
3. A response was drafted by the Head of Internal Audit on behalf of the Authority and copied to the Leader, and the Chair and Vice Chair of the Finance and Property and Audit Committees for comment. A copy of the response is attached as Appendix A.
4. The draft bill provides for the following changes:-
 - Repeal of the legislation establishing the Audit Commission and abolition of the Audit Commission.
 - A requirement on local public bodies to appoint an external, independent auditor on the advice of an Independent Auditor Panel.
 - Creation of a new regulatory framework for local public audit managed by the Financial Reporting Council and professional accountancy bodies.
 - Transfer of responsibility for setting the Code of Audit Practice and supporting guidance to the National Audit Office
 - Provide powers to the National Audit Office to undertake studies of themed value for money relating to local government.
 - Powers for the Secretary of State to direct a person or persons to undertake an inspection into the effectiveness of a council's corporate governance arrangements.

5. The draft bill reflects the proposals outlined in the 2011 Future of Local Public Audit consultation, which was discussed by the Audit Committee on 17th May 2011 and 12th September 2011.
6. The timetable below sets out the next steps for the draft bill.
 - Autumn 2012: pre-legislative scrutiny
 - 2013: Bill introduced to parliament
 - 2014: Royal Assent subject to parliamentary approval
 - 2015: Closure of the Audit Commission
 - April 2017: Earliest point at which auditors can be appointed directly by councils

Other Options Considered

7. This report is for information and noting only.

Reason/s for Recommendation/s

8. To provide information to Members on the Draft Local Audit Bill and the County Council's response to the consultation.

Statutory and Policy Implications

9. This report has been compiled after consideration of implications in respect of finance, equal opportunities, human resources, crime and disorder, human rights, the safeguarding of children, sustainability and the environment and those using the service and where such implications are material they are described below. Appropriate consultation has been undertaken and advice sought on these issues as required.

RECOMMENDATION

- 1) That Members note the proposals outlined in the Draft Local Audit Bill and the Council's response to the consultation shown in Appendix A.

Paul Simpson
Service Director (Finance and Procurement)

For any enquiries about this report please contact:

John Bailey
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Constitutional Comments

This report is for noting only.

Financial Comments (JMB 20/8/12)

The Authority's audit fee has been set at £130,950 for 2012/13, a saving of over £87,000 compared to 2011/12. It is anticipated that under the new arrangements, these savings will continue to be achieved. There will be costs associated with establishing an auditor panel from 2014 should the final Bill require this.

Background Papers

Except for previously published documents, which will be available elsewhere, the documents listed here will be available for inspection in accordance with Section 100D of the Local Government Act 1972:

Draft Local Audit Bill, Department for Communities and Local Government, July 2012

Briefing – Draft Local Audit Bill 2012, County Councils Network

Electoral Division(s) and Member(s) Affected

All