



AUDIT COMMITTEE REPORT

Report Title	Local Audit reforms – overview and response to consultation paper
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AGENDA STATUS: PUBLIC

Audit Committee Meeting Date:	28 th July 2014
Policy Document:	No
Directorate:	LGSS Finance
Accountable Cabinet Member:	Cllr A Bottwood

1. Purpose

1.1 To update the Audit Committee on future changes to Local Audit, and to approve NBC's response to the Local Audit consultation paper from DCLG.

2. Recommendations

2.1 To note the reforms set out in the Local Audit consultation paper, as summarised at 3.2.1.

2.2 To note Northampton Borough Council's response to the Local Audit consultation paper, as per Appendix 1.

3. Issues and Choices

3.1 Report Background

3.1.1 Following the announcement in August 2010 by the Secretary of State for Communities and Local Government to re-focus local public audit, a consultation document has been issued by DCLG setting out a number of proposed reforms to Local Government audit.

3.1.2 The consultation document requests responses to the proposed changes. NBC's response for approval is at Appendix 1.

3.2 Issues

3.2.1 The proposals set out in the consultation paper by DCLG that impact NBC are regarding:

- **Collective Auditor Procurement by a 'Specified Person'**

Proposals to make regulations for the Secretary of State for Communities and Local Government to provide for the appointment of a local auditor through a person he has specified as an 'appointing person'.

Local Authorities will be able to 'opt-in' and have their auditor appointed on their behalf by a specified appointing person rather than appoint their auditor locally.

Authorities that opt-in will do so for the 'appointing period' which is proposed to be limited to five financial years.

The appointing person will be required to consult on, and then set, the scale fees for audit which opted-in bodies will be required to pay. The appointing person would also have the ability to charge a higher/lower fee than the scale fee if appropriate.

The appointing person will also be responsible for:

- Overseeing the independence of the auditor
- Monitoring the compliance of appointed auditor with contractual obligations
- Dealing with disputes/ complaints relating to audit contracts

- **Bringing forward the timetable for submission of the annual Statement of Accounts from 30th June to 31st May, and deadline for audit completion from 30th September to 31st July for the 2017/18 financial year**

Proposals to bring forward the timetable for year-end accounts are stated to be "in line with wider government moves to improve local government accountability to the public".

Government will be working with CIPFA to support their initiative to simplify the accounts and make them easier for local people to understand.

Notice of the changes for 2017/18 given to allow Local Authorities and auditors time to make necessary changes, however it is hoped authorities will move to the new timetable as soon as they can.

- **Changes to public rights period for the public to exercise their public rights**

Proposals to create a 'common 30 day' period for public inspection, applying to all Local Authorities.

At present, Local Authorities can choose when their 30 day public rights period should start.

The creation of a common 30 day period is expected to provide the public with greater knowledge of the public inspection deadline.

3.2.2 NBC's response to the proposals have been set out at Appendix 1. The response is supportive of the proposals, but identifies some of the key risks and explains the issues that need to be resolved.

3.2.3 The main risks and issues are around the change of date and relate to:

- Information that is necessary from external sources
- Capacity of auditors to deliver at that time of the year
- Increased levels of estimation uncertainty in the Statement
- Risks relating to significant accounting changes such as the Business Rates Retention Scheme this year

3.3 Choices (Options)

3.3.1 To note the Local Audit Consultation paper as summarised at 3.2.1 above.

3.3.2 To note the response to the Local Audit Consultation paper

4. Implications (including financial implications)

4.1 Policy

4.1.1 There are no specific policy implications arising from this report.

4.2 Resources and Risk

4.2.1 LGSS Finance will need to assess their resources and plan appropriately to ensure the revised statutory deadline for the publication of the Statement of Accounts is met in 2017/18.

4.2.2 There is a risk that if appropriate resources are not put in place, the statutory deadline for publishing the Statement of Accounts may not be achieved.

4.3 Legal

4.3.1 There are no legal implications arising from this report.

4.4 Equality

4.4.1 There are no equalities implications arising from this report.

4.5 Consultees (Internal and External)

4.5.1 Northamptonshire Finance Officers Group and Chief Accountants Network

4.6 Other Implications

4.6.1 There are no other implications

5. Background Papers

5.1 Local Audit Consultation, Department for Communities and Local Government, June 2014

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