

Audit Committee	Agenda Item: 8
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Meeting Date	8 March 2012
Report Title	Future of Local Public Audit
Portfolio Holder	Cllr Dewar-Whalley
SMT Lead	Mark Radford
Head of Service	Nick Vickers/Brian Parsons
Lead Officer	Nick Vickers

Recommendations	1. The Committee note the latest position
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Purpose of Report and Executive Summary

- 1.1 This report is to update the Committee on the latest position on the appointment of external auditors to local councils after the abolition of the Audit Commission.

2 Background

- 2.1 When the initial proposals were announced for the future audit of local councils it was envisaged that there would be a relatively quick change to the process with Councils either individually or in concert with other appointing their auditors.
- 2.2 However, in the latter part of 2011 Councils were informed that the approach to be taken had changed and that interim arrangements would be put in place to appoint external auditors for a number of contracts based upon geographical areas for either 3 or 5 years.

3 Proposal

- 3.1 The Commission Board have indicated that they would announce the results of their procurement exercise on 6 March and a consultation process will start in the week beginning 23 April. The update provided on 25 January set out the following steps:
- *We will consult all local audited bodies on new auditor appointments.*
 - *In all cases we will consult on the appointment of the firm - which in law will be the appointed auditor - not on the individual engagement lead.*
 - *Where a body is currently audited by a firm we expect to extend that appointment.*
 - *Where a body is currently audited by the Audit Practice, we will propose the winning firm in each contract area as the appointed auditor unless there are good reasons that to do so would be inappropriate.*
 - *We are organising a series of regional events to enable audited bodies currently audited by the Audit Practice to meet the winning firm to*

understand how it proposes to deliver the audits. The events will take place between 30 April and 18 May.

- *The consultation process provides bodies with two opportunities to object to our proposed appointment. The strategy sets out examples of what may amount to good reasons for objecting to a proposed appointment.*
- *A Panel of Commissioners will ultimately consider unresolved objections to proposed appointments. The Panel includes three local government councillors and will receive independent advice from a local authority Chief Executive and Finance Director.*

2.3 In December the Council was notified that the audit of the 2011/12 accounts will be undertaken by the Councils existing auditors. It is helpful that we have this clarity. We understand that Commission staff will transfer to the new firms on 31 October 2012.

2.4 The other significant issue to highlight relates to the appointment of an auditor after the interim arrangements. This Council objected to the proposed approach of the appointment being made by an Audit Committee consisting of independent members. The latest proposal refers to an Independent Audit Appointment Panel with a majority of independent members which would not take on the role played by the Audit Committee as constituted in this Council. So the Panel would only have one function. It would also seem that joint Panels between Councils would be allowed.

4 Alternative Options

4.1 We will have the opportunity to respond to the proposals made.

5 Consultation Undertaken or Proposed

5.1 Not applicable.

6 Implications

Issue	Implications
Corporate Plan	Supports the objective to be a High Performing Council.
Financial, Resource and Property	As yet we have no information on the costs of the future service.
Legal and Statutory	We will comply with the new regime for the appointment of an auditor and the changes which will be required to our governance arrangements.
Crime and	Not applicable.

Disorder	
Risk Management and Health and Safety	Not applicable
Equality and Diversity	Not applicable.
Sustainability	Not applicable.

