

AUDIT COMMITTEE

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UPDATE NOTE ON THE LOCAL AUDIT AND ACCOUNTABILITY ACT 2014

On 30 January 2104, the **Local Audit and Accountability Act 2014** received Royal Assent.

- Abolishes the Audit Commission.
 - In line with Government expectations, this Act makes it possible to close the Audit Commission on 31 March 2015. In place of the Audit Commission, there will be a new framework for local public audit. The new framework is due to start after the Commission's current contracts with audit suppliers end in 2016/17.
- Sets out requirements for the auditing of the accounts of local authorities and other specified public bodies by local auditors, in a similar way to how company accounts are audited. Regulations may modify the accounting requirements for smaller local authorities.
- Requires local authorities to appoint auditor panels to advise them on maintaining an independent relationship with their local auditor.
- Applies to county, London borough, district and parish councils, clinical commissioning groups and other public bodies.

The majority of the Act comes into force on a date to be appointed

On 10 March 2014, the Department for Communities and Local Government (DCLG) published its response to the consultation on secondary legislation that was required to give effect to provisions in the Local Audit and Accountability Act 2014, the government has confirmed that it proposes:

- Finalising regulations in the summer of 2014 on the regulation of auditors, including their appointment, eligibility and removal, and the conduct of local audit (including proposals for local authorities to consider public interest reports or written recommendations by a relevant authority).

- Issuing a further consultation on other draft regulations, which will deal with the regulation of smaller authorities, the establishment of a body to procure or appoint local auditors and the content of new Accounts and Audit Regulations. The intention is to lay these regulations later in 2014.

Although smaller authorities with an annual turnover not exceeding £25,000 (which includes parish councils) will be exempt from routine external audit, the DCLG has published a consultation on 10 March 2014 inviting views on the content and application of a draft Audit-substitute transparency code for such authorities. The consultation closes on 9 May 2014. Specifically, the consultation requests feedback on:

- whether the code should be mandatory for parish councils with an annual turnover not exceeding £25,000
- whether parish meeting should be exempt from complying with the code
- whether authorities should publish the required information online
- how much additional staff time and cost will be involved for authorities in publishing the required data online

<https://www.gov.uk/government/consultations/draft-transparency-code-for-parish-councils>