

AUDIT COMMITTEE	AGENDA ITEM No. 12
6 SEPTEMBER 2010	PUBLIC REPORT

Cabinet Member(s) responsible:	Councillor Seaton, Cabinet Member for Resources	
Committee Member(s) responsible:	Councillor Collins, Chair of Audit Committee	
Contact Officer(s):	Steve Crabtree, Chief Internal Auditor	☎ 384 557

AUDIT COMMISSION UPDATE

R E C O M M E N D A T I O N S	
FROM : John Harrison, Executive Director (Strategic Resources)	Deadline date : N/A
To advise Members of changes from central government which will impact on the workings of the Council and in particular the Audit Committee.	

1. ORIGIN OF REPORT

- 1.1 This report is submitted to Audit Committee following changes made by central government. It is not part of the originally agreed Work Programme for the Municipal Year 2010 / 2011.

2. PURPOSE AND REASON FOR REPORT

- 2.1 To update the Committee on changes proposed by central government in relation to the Audit Commission and the impact on public sector organisations.

3. TIMESCALE

Is this a Major Policy Item / Statutory Plan?	NO	If Yes, date for relevant Cabinet Meeting	N/A
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4. BACKGROUND

- 4.1 Following the change in government in May 2010, there have been a number of proposals released which impact on local government and in particular on the council's Audit Committee. Subsequently, on 20 May 2010 it was announced that the Comprehensive Area Assessment would be abolished. Furthermore, on 13 August 2010, the Communities and Local Government Secretary announced plans to disband the Audit Commission (press release documented in **Appendix A**).
- 4.2 Both impact on the workings of the council, whether in terms of the collation of best practice for review and subsequent benchmarking against other authorities, and also the overall audit of the council and any reduction in the level of audit requirement and cost.
- 4.3 The Audit Commission's responsibilities for overseeing and delivering local audit will end and audit functions will be moved to the private sector, with the Audit Commission's in-house audit practice transferred out of public ownership. Local authorities will be free to appoint their own independent external auditors, and there will be a new audit framework for local health bodies. The NAO will provide the oversight role for the audit of local government and health. A new decentralised audit regime will be established. Communities

and Local Government will work with the Audit Commission, the accountancy profession, and the local government and health sectors to develop the detailed design of the new systems. The aim is for such a system to be in place from the 2012 / 2013 financial year, with the necessary legislation being sought in this Parliamentary session.

4.4 For local government these changes are part of the government's wider focus on transparency and its focus on helping local people hold councils and local public bodies to account for spending decisions.

4.5 As the government evolves its plans and policies over time, further updates will be brought to this Committee.

5. ANTICIPATED OUTCOMES

5.1 Audit Committee to note and comment on the changes to be made.

6. REASONS FOR RECOMMENDATIONS

6.1 To update members on central changes which impact on local government.

7. ALTERNATIVE OPTIONS CONSIDERED

7.1 None.

8. IMPLICATIONS

8.1 This cannot be quantified until the full proposals are published.

9. BACKGROUND DOCUMENTS

Used to prepare this report, in accordance with the Local Government (Access to Information) Act 1985)

Communities and Local Government Web Site: www.communities.gov.uk