



# Draft Local Audit Bill

## Consultation response form

We are seeking your views on the following questions on the Government's draft Local Audit Bill and proposals for the audit of smaller local public bodies.

**If possible, we would be grateful if you could please respond by email.**

Please email: [foia@communities.gsi.gov.uk](mailto:foia@communities.gsi.gov.uk)

Alternatively, we would be happy to receive responses by post. Please write to:

Future of Local Audit  
Department for Communities and Local Government  
3/J5 Eland House  
Bressenden Place  
SW1E 5DU

**The deadline for submissions is 5pm on 31 August 2012.**

## (a) About you

### (i) Your details

|                                       |  |
|---------------------------------------|--|
| Name:                                 | Sharon Shelton   |
| Position:                             | Director of Finance  |
| Name of organisation (if applicable): | Tonbridge & Malling Borough Council  |
| Address:                              | Gibson Building, Gibson Drive, Kings Hill,<br>West Malling, Kent, ME19 4LZ |
| Email:                                | sharon.shelton@tmbc.gov.uk   |
| Telephone number:                     | 01732 - 876092   |

**(ii) Are the views expressed on this consultation an official response from the organisation you represent or your own personal views?**

|                         |                                     |
|-------------------------|-------------------------------------|
| Organisational response | <input checked="" type="checkbox"/> |
| Personal views          | <input type="checkbox"/>            |

**(iii) Please tick the *one* box which best describes you or your organisation:**

|  |                                     |  |
|--|-------------------------------------|--|
| Upper tier local authorities   | <input type="checkbox"/>            |  |
| Lower tier local authorities   | <input checked="" type="checkbox"/> |  |
| Parish and town councils   | <input type="checkbox"/>            |  |
| Audit and accountancy firms  | <input type="checkbox"/>            |  |
| Professional auditing and accountancy firms  | <input type="checkbox"/>            |  |
| Other audited public body (e.g. fire authority, police authority, national park authority, pension authority - please state which) | <input type="checkbox"/>            |  |
| Other (please state)   | <input type="checkbox"/>            |  |

**(iv) Do your views or experiences mainly relate to a particular type of geographical location?**

|                        |                                     |                              |
|------------------------|-------------------------------------|------------------------------|
| City                   | <input type="checkbox"/>            |                              |
| London                 | <input type="checkbox"/>            |                              |
| Urban                  | <input type="checkbox"/>            |                              |
| Suburban               | <input type="checkbox"/>            |                              |
| Rural                  | <input type="checkbox"/>            |                              |
| Other (please comment) | <input checked="" type="checkbox"/> | Predominantly rural location |

**(vi) Would you be happy for us to contact you again in relation to this consultation?**

|     |                                     |
|-----|-------------------------------------|
| Yes | <input checked="" type="checkbox"/> |
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|    |                          |
|----|--------------------------|
| No | <input type="checkbox"/> |
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## (b) Consultation questions

### Draft Local Audit Bill:

#### Part 1 - Abolition of existing audit regime

Q1. Do you have any comments on the clauses in Part 1 or Schedule 1?

Comments (please state clearly which clause you are referring to):

**No additional comments to those in our response to the consultation paper on the proposed abolition of the existing audit regime.**

#### Part 2 - Basic requirements and concepts

Q2. Do you have any comments on the clauses in Part 2 or Schedule 2?

Comments (please state clearly which clause you are referring to):

**No comments.**

#### Part 3 - Appointment etc of auditors

Q3. Do you have any comments on the clauses in Part 3?

Comments (please state clearly which clause you are referring to):

**No comments.**

Q4. Do the clauses in Part 3 strike the right balance between ensuring independence in the audit process and minimising any burden on local bodies?

|     |                                     |
|-----|-------------------------------------|
| Yes | <input type="checkbox"/>            |
| No  | <input checked="" type="checkbox"/> |

Further comments:

**Whilst the point about independence is acknowledged, at TMBC the currently structured Audit Committee, although comprising only elected Members, provides an adequate independent scrutiny role. The point we made in the earlier consultation was that we felt the use of**

**independent members should be discretionary- i.e. independent members could be appointed if it was felt there was a "gap" in the skill set of the Committee. Establishing a mandatory independent auditor panel along the lines suggested brings with it additional administration and cost.**

Q5. Does Clause 11 provide sufficient flexibility to local bodies to set up joint panel arrangements and/ or put in place other arrangements to suit local circumstances?

|     |                                     |
|-----|-------------------------------------|
| Yes | <input checked="" type="checkbox"/> |
| No  | <input type="checkbox"/>            |

Further comments:

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Q6. Does the draft Bill strike the right balance in terms of prescription and guidance on the role of auditor panels?

|     |                                     |
|-----|-------------------------------------|
| Yes | <input checked="" type="checkbox"/> |
| No  | <input type="checkbox"/>            |

Further comments:

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Q7. Do you have any comments on the proposals set out in paragraphs 26-34 of the consultation document on removal and resignation?

Comments:

**No comments.**

#### **Part 4 - Eligibility and regulation of auditors**

Q8. Do you have any comments on the clauses in Part 4 or Schedules 3 and 4?

Comments (please state clearly which clauses you are referring to):

**No comments.**

Q9. Do you agree with the proposed definition of connected entities in clause 20?

|     |                                     |
|-----|-------------------------------------|
| Yes | <input checked="" type="checkbox"/> |
| No  | <input type="checkbox"/>            |

Further comments:

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Q10. Do you have any views on how major audits should be defined in regulations?

Comments:

**No comments.**

## **Part 5 - Conduct of audit**

Q11. Do you have any comments on the clauses in Part 5?

Comments (please state clearly which clauses you are referring to):

**No comments.**

Q12. Do you agree that public interest reports issued on connected entities should be considered by their 'parent' local body?

|     |                                     |
|-----|-------------------------------------|
| Yes | <input checked="" type="checkbox"/> |
| No  | <input type="checkbox"/>            |

Further comments:

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## Part 6 - Data Matching

Q13. Do you have any comments on the clauses in Part 6?

Comments (please state clearly which clauses you are referring to):

**No comments.**

Q14. Do you have any views on the new owner(s) of the National Fraud Initiative?

Comments:

No comments.

## Part 7 - Inspections, studies and information

Q15. Do you have any comments on the powers provided to the Comptroller and Auditor General to undertake studies and access information within clause 94?

Comments:

**No comments.**

Q16. Do you think that the National Audit Office should be able to undertake thematic value for money studies regarding all sectors whose bodies are subject to audit under this draft Bill?

|     |                                     |
|-----|-------------------------------------|
| Yes | <input checked="" type="checkbox"/> |
| No  | <input type="checkbox"/>            |

Further Comments:

Q17. Do you have any comments on the other clauses in Part 7 or Schedule 5?

Comments

**No comments.**

## Impact Assessment:

Q18. Does the impact assessment identify the main drivers on fees?

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|-----|-------------------------------------|
| Yes | <input checked="" type="checkbox"/> |
| No  | <input type="checkbox"/>            |

Are there any other drivers on fees?:

**A concern is when councils approach the marketplace to appoint their own auditors in due course either individually or jointly the reductions recently secured in the cost of audit services will be eroded over time without that same bulk purchasing power.**

Q19. Are the estimates of local bodies' compliance costs realistic?

|     |                          |
|-----|--------------------------|
| Yes | <input type="checkbox"/> |
| No  | <input type="checkbox"/> |

Further comments:

**Not in a position to comment.**

Q20. Are the estimates of the costs and benefits to businesses realistic?

|     |                          |
|-----|--------------------------|
| Yes | <input type="checkbox"/> |
| No  | <input type="checkbox"/> |

Further comments:

**Not in a position to comment.**

## Proposals for Smaller Bodies

Q21. Do you agree that the threshold below which smaller local public bodies should not be subject to automatic external audit should be £25,000?

|     |                                     |
|-----|-------------------------------------|
| Yes | <input checked="" type="checkbox"/> |
| No  | <input type="checkbox"/>            |

Further comments:

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Q22. Are the additional transparency requirements we have proposed for those bodies who will not be subject to external audit robust enough to ensure that they will be accountable to the electorate?

|     |                                     |
|-----|-------------------------------------|
| Yes | <input checked="" type="checkbox"/> |
| No  | <input type="checkbox"/>            |

Further comments:

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Q23. Are these transparency requirements proportionate to the low levels of public money these bodies are responsible for?

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|-----|-------------------------------------|
| Yes | <input checked="" type="checkbox"/> |
| No  | <input type="checkbox"/>            |

What steps will smaller bodies need to take in complying with these new requirements? :

**The requirement to publish information on-line may be an issue for**



**some smaller bodies.**

Q24. Do you agree that our proposals for the eligibility of auditors of smaller local public bodies will ensure that they have the requisite expertise to undertake limited assurance audits?

|     |                                     |
|-----|-------------------------------------|
| Yes | <input checked="" type="checkbox"/> |
| No  | <input type="checkbox"/>            |

Further comments:

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Q25. Are our proposals for the regulatory framework for the audit of smaller bodies proportionate?

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|-----|-------------------------------------|
| Yes | <input checked="" type="checkbox"/> |
| No  | <input type="checkbox"/>            |

Further comments:

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Q26. Do these proposals provide a proportionate and sufficiently flexible mechanism for procuring and appointing audit services to smaller local public bodies?

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|-----|-------------------------------------|
| Yes | <input checked="" type="checkbox"/> |
| No  | <input type="checkbox"/>            |

Further comments:

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### (c) Additional questions

Do you have any other comments you wish to make?

**END**