

MEETING: 19 SEPTEMBER 2011

SUBJECT: FUTURE OF LOCAL AUDIT

REPORT OF THE CHIEF FIRE OFFICER

1 INTRODUCTION

- 1.1 This report provides Members with information relating to the future of the Audit Commission's in house audit function. Staff within this function currently has responsibility for auditing the Authority's accounts.

2 BACKGROUND

- 2.1 As Members will be aware, back in August 2010, a formal decision was taken by the coalition government to abolish the Audit Commission. This decision resulted in the immediate cessation of work specifically related to the Comprehensive Area Assessment and to the more internally focussed Use of Resources work.
- 2.2 Mainstream audit work on the financial statements and value for money conclusion has continued to be undertaken by Audit Commission staff since the abolition announcement, although the coalition government did state that it intended to review who should be responsible for such work in the future.
- 2.3 This review has now concluded and CLG have determined that the audit work traditionally undertaken by the Commission's staff will be transferred into the private sector and this transfer will be achieved via a procurement exercise. TUPE terms will apply and it is likely that contracts will be let as a number of "lots" based on geographic areas.
- 2.4 The proposed timetable for the procurement exercise is set out below for the information of Members, together with an outline of the transitional arrangements that will need to be applied.

3 PROCUREMENT EXERCISE TIMETABLE AND TRANSITIONAL ARRANGEMENTS

- 3.1 The Audit Commission will be required by CLG to put out to tender all of the work that is currently undertaken by the in-house teams, with the intention of awarding contracts to the successful bidders in the spring of 2012 and with the intention of allowing new appointments to be made by 1st September 2012.
- 3.2 Audit staff within the Audit Commission have recently been transferred into a body called the 'Audit Practice', which has indicated that it intends to bid for the work. The Audit Practice would move into the private sector as a new organisation if its bid for work were successful.

- 3.3 Given that an appointed auditor must be in place for the start of the financial year and that, due to the procurement timetable, the new auditor appointment will not be in place until September 2012, the Commission is proposing that the current auditor's appointment covering this Authority for 2011/2012 is extended to cover the period up to the 31st August 2012.
- 3.4 This interim role will be primarily to maintain a watching brief only and the cost of this will be borne by the Audit Commission itself. Prior to this arrangement taking effect the Audit Commission will write to the affected Authorities to consult on these interim arrangements.

4 FINANCIAL IMPLICATIONS

- 4.1 There are no financial implications associated with regard to this specific report.

5 EQUALITY AND FAIRNESS IMPLICATIONS

- 5.1 There are no equality and fairness implications in respect of this specific report.

6 HEALTH AND SAFETY IMPLICATIONS

- 6.1 There are no health and safety implications in respect of this specific report.

7 RECOMMENDATIONS

- 7.1 The Authority is recommended to:
- a) Note the content of this report
 - b) Receive further reports as necessary

BACKGROUND PAPERS

- The Future of Local Audit; Audit Commission Letter 3rd August 2011