

# WIRRAL COUNCIL

## AUDIT AND RISK MANAGEMENT COMMITTEE

18 MARCH 2014

<b>SUBJECT:</b>	<b>LOCAL AUDIT AND ACCOUNTABILITY ACT 2014</b>
<b>WARD/S AFFECTED:</b>	<b>ALL</b>
<b>REPORT OF:</b>	<b>STRATEGIC DIRECTOR FOR TRANSFORMATION AND RESOURCES</b>

### 1.0 EXECUTIVE SUMMARY

1.1 The purpose of this report is to provide a summary of the key provisions of the Local Audit and Accountability Act 2014 ("the Act") and explains the impact on the Wirral Council, specifically in relation to the appointment of a local auditor (external auditor) and the establishment of an independent audit panel to advise the Council on the appointment of a local auditor.

### 2.0 BACKGROUND

2.1 On 13th August 2010, the Government announced its intention to abolish the Audit Commission and put in place new decentralised arrangements for the audit of local public bodies, allowing local public bodies to appoint their own auditors from an open and competitive market, with appropriate safeguards to ensure the continuation of high standards of local public audit, whilst ensuring that local people will be able to hold local public bodies to account for local spending decisions.

2.2 The Act received Royal Assent on 30 January 2014..

### 3.0 LOCAL AUDIT AND ACCOUNTABILITY ACT 2014

3.1 The Act abolishes the Audit Commission and establishes new arrangements for the audit and accountability of local public bodies in England. The Act amends the legislative framework for council tax referendums and provides measures which can ensure local authority compliance with the Code of Recommended Practice on Local Authority Publicity. Section 39 of the Act gives the Secretary of State power to direct a local authority to comply with the Code of Practice, and comes into force on 30 March 2014.

3.2 The Act requires the Council to establish of an independent auditor panel to advise the Council on the appointment of a local auditor.

3.3 The Act also introduces greater transparency and openness to meetings of local government bodies by allowing local residents to film, blog, tweet and access information relating to the decisions made in those meetings. Section 40 of the Act gives the power to the Secretary of State to make Regulations allowing persons to film, photograph or make sound recordings of proceedings. This power to make Regulations also comes into force on 30 March 2014.

3.4 It is therefore essential that the Council puts in place appropriate measures to ensure the provisions of the Act are adhered to.

3.5 Grant Thornton has been appointed as the Council's external auditor until 2017.

3.6 Appendix 1 to the Report provides a more detailed summary of the Act and its implications.

#### **4.0 RELEVANT RISKS**

4.1 While the eligibility requirements around 'independence' will help ensure suitable people are appointed to the auditor panel, it is important that the role is seen as sufficiently attractive to ensure there is adequate interest. ,.

4.2 If the Council appoints a majority of independent members to the Audit and Risk Management Committee (ARMC) in order to comply with the Council's Improvement Plan, prior to the Local Audit and Accountability Regulations and guidance being implemented, these appointments may be non-compliant. It is not yet known when the Regulations will be brought into effect and the draft Regulations may be altered following consultation.

#### **5.0 IMPLICATIONS FOR VOLUNTARY, COMMUNITY AND FAITH GROUPS**

5.1 There are none arising from this report.

#### **6.0 RESOURCE IMPLICATIONS: FINANCIAL; IT; STAFFING; AND ASSETS**

6.1 There are none arising from this report.

#### **7.0 LEGAL IMPLICATIONS**

7.1 There are none arising from this report.

#### **8.0 EQUALITIES IMPLICATIONS**

8.1 Has the potential impact of your proposal(s) been reviewed with regard to equality? Yes.

An EIA will be prepared once the relevant Regulations have been issued.

#### **9.0 CARBON REDUCTION IMPLICATIONS**

9.1 There are none arising from this report.

#### **10.0 PLANNING AND COMMUNITY SAFETY IMPLICATIONS**

10.1 There are none arising from this report.

## **11.0 RECOMMENDATIONS**

- 11.1 That the Committee notes the Report and Appendix 1 concerning the changes being introduced by the Audit and Accountability Act 2014 and its implications.
- 11.2 That the Strategic Director for Transformation and Resources be authorised to undertake a recruitment exercise necessary to appoint independent members to the Audit and Risk Management Committee (ARMC) pursuant to the Audit and Accountability Act 2014 once relevant Regulations and/or guidance are issued.

## **12.0 REASON FOR RECOMMENDATION**

- 12.1 To ensure the Council complies with the provisions of the Act.

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## **APPENDICES**

Appendix 1: Explanatory note on the Local Audit and Accountability Act 2014

## **REFERENCE MATERIAL**

Local Audit and Accountability Act 2014  
Local Audit and Accountability Act 2014 – Explanatory Notes  
Draft Local Audit and Accountability Regulations  
Government Consultation papers

## **SUBJECT HISTORY (last 3 years)**

<b>Council Meeting</b>	<b>Date</b>
Audit and Risk Management Committee	18 March 2014