

HAMPSHIRE COUNTY COUNCIL

Decision Report

Decision Maker:	Cabinet
Date:	24 October 2011
Title:	The future of local public audit - Update
Reference:	3286
Report From:	<i>County Treasurer</i>

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1. Executive Summary

1.1. The purpose of this paper is to provide Cabinet with an update of the Department for Communities and Local Government (DCLG) proposals for transferring the work of the Audit Commission's in-house audit practice to the private sector.

2. Contextual information

2.1. The DCLG has asked the Audit Commission to seek bids for the work currently undertaken by its in-house audit practice. New contracts will be awarded for three or five years, commencing from the audit of the accounts for 2012/13 and therefore it will be either 2015 or 2017 before Local Authorities really have the freedom to appoint their own auditors.

2.2. It is intended that the Audit Commission will award contracts in April 2012 to allow new auditor appointments to be in place by 1 September 2012.

2.3. As contracts will not be awarded until April 2012 auditor's will not be appointed until after the start of the 2012/13 financial year. Because an auditor needs to be in place at the start of the financial year, an interim auditor appointment will be made to cover the period 1 April 2012 to 31 August 2012.

2.4. It is intended that the County Council's current external audit provider would be retained to cover this interim period, although formal consultation will be undertaken by the end of this year.

2.5. The 'interim' role will be limited to a 'watching brief', with any costs incurred during this period, met by the Audit Commission.

2.6. Following the procurement exercise the Audit Commission will appoint the County Council's new auditor, to audit the 2012/13 and future years' accounts, with effect from 1 September 2012. The County Council will be consulted on this appointment following the award of contracts in spring 2012.

2.7. Audit practice staff will transfer to the successful bidder in October 2012 and existing audit teams will generally remain in place, providing continuity and smooth transition

2.8. Timetable

Period	Auditor Appointment	Comments
From 1 April 2011	Current auditor (in-house audit practice)	<ul style="list-style-type: none"> • No change for audit of 2011/12 accounts.
1 April 2011 – 31 August 2012	Current auditor (in-house audit practice)	<ul style="list-style-type: none"> • Interim appointment for 2012/13. No change – subject to consultation by end of 2011. • Role will be to keep a 'watching brief' only and any costs incurred by auditors will be paid by the Audit Commission
From 1 September 2012	New auditor (Private firm)	<ul style="list-style-type: none"> • Change of auditor (to a private firm) – subject to consultation following award of contracts in spring 2012. • Auditor will audit the 2012/13 accounts (opinion on the financial statements and the annual VFM conclusion) • Full year's scale fee payable by audited body. • Auditor responsible for audit of future year's accounts

3. Recommendation(s)

3.1. That Cabinet note pending changes to the provision of the County Council's external auditors.

CORPORATE OR LEGAL INFORMATION:**Links to the Corporate Strategy**

Hampshire safer and more secure for all:	yes/no
Corporate Improvement plan link number (if appropriate):	
Maximising well-being:	yes/no
Corporate Improvement plan link number (if appropriate):	
Enhancing our quality of place:	yes/no
Corporate Improvement plan link number (if appropriate):	
OR	
This proposal does not link to the Corporate Strategy but, nevertheless, requires a decision because:	

NB: If the 'Other significant links' section below is not applicable, please delete it.

Other Significant Links

Links to previous Member decisions:		
<u>Title</u>	<u>Reference</u>	<u>Date</u>
Direct links to specific legislation or Government Directives		
<u>Title</u>	<u>Date</u>	
Accounts and Audit (England) Regulations Audit Commission Act 1998	April 2011	

Section 100 D - Local Government Act 1972 - background documents

The following documents discuss facts or matters on which this report, or an important part of it, is based and have been relied upon to a material extent in the preparation of this report. (NB: the list excludes published works and any documents which disclose exempt or confidential information as defined in the Act.)

<u>Document</u>	<u>Location</u>
None	

IMPACT ASSESSMENTS:

1. Equalities Impact Assessment:

- 1.1. Equality objectives are not considered to be adversely affected by the proposals within this report.

2. Impact on Crime and Disorder:

- 2.1. The proposals in this report are not considered to have any direct impact on the prevention of crime.

3. Climate Change:

- a) How does what is being proposed impact on our carbon footprint / energy consumption?

No specific changes

- b) How does what is being proposed consider the need to adapt to climate change, and be resilient to its longer term impacts?

No specific proposals affecting adaptation to climate change