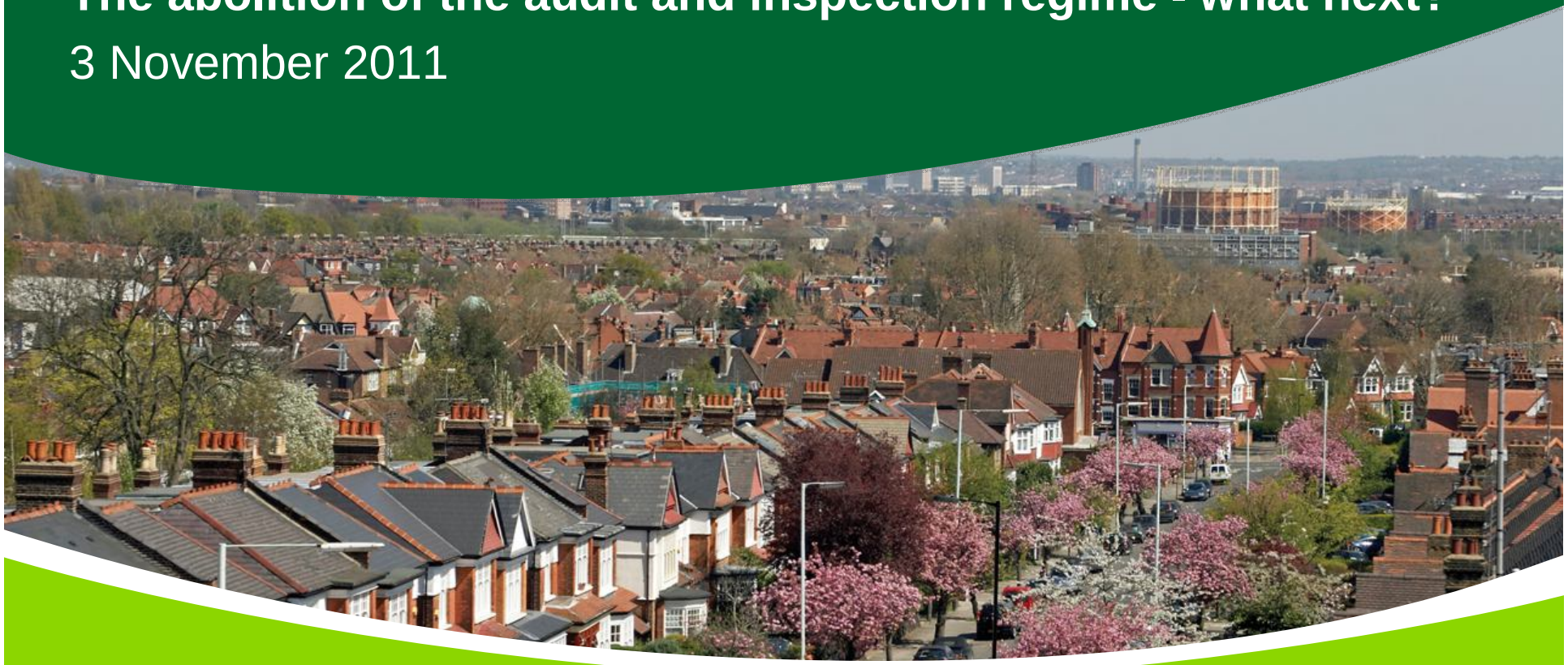
The future of local government audit

The abolition of the audit and inspection regime - what next?

3 November 2011

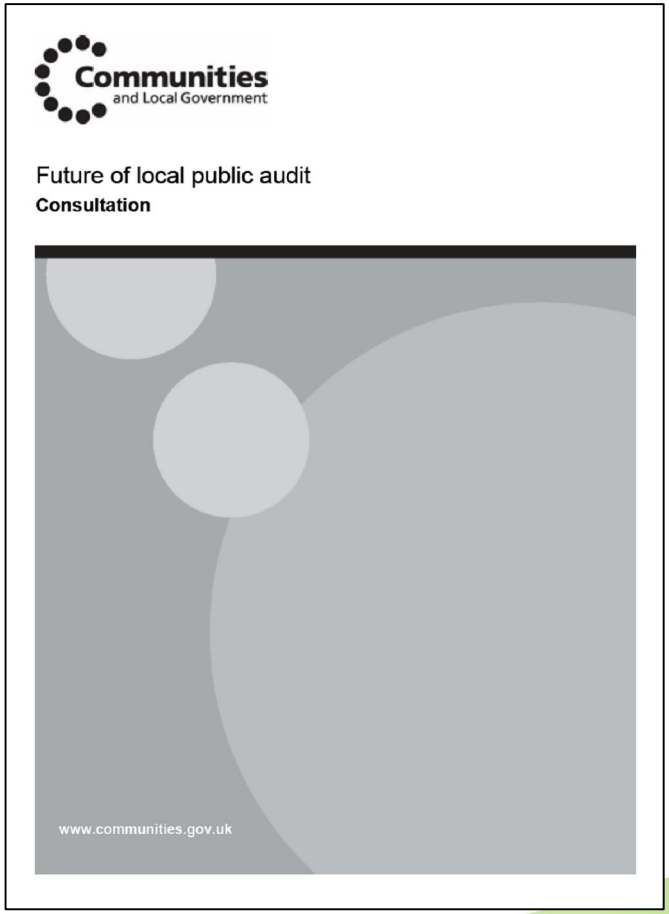


Michael O'Higgins
Chairman

audit commission

The government's proposals

- Local duty to appoint auditors
- Audit committees with independent members
- Possible change to the scope of the audit


Communities and Local Government

Future of local public audit
Consultation

www.communities.gov.uk

audit commission

Savings under local appointment will be measured against a lower baseline

- Long-term cost reduction programme
- Streamlined audit approach to value for money

Has allowed:

- Audit fees to be reduced by 5 to 20 per cent in 2011/12, and one-off rebate
- Intention to reduce fees by at least 10 per cent in 2012/13

audit commission

Independence and local appointment

- Finding qualified independent members to appoint to audit committees
- Enabling them to be effective
- Assurance procedures that are fit for hard cases …

audit commission

Without fear or favour (1)

‘*The two senior finance officers, the Executive Director Corporate Services who held a statutory responsibility under section 151 of the Local Government Act 1972 for ensuring proper financial arrangements were in place, and the Deputy Director of Finance (and Deputy Section 151 Officer), in my view failed to discharge their professional duties to the Council and taxpayers.*’

Public interest report 2009

audit commission

Without fear or favour (2)

'*In my view the Director of Finance has not demonstrated effective control or direction of the finance function. I have no confidence in his ability to turn around the financial management of the council. When weaknesses have been identified previously his response has been too late or too ineffective. I believe the Director of Finance should be held to account by members for the fundamental failings I have identified.*'

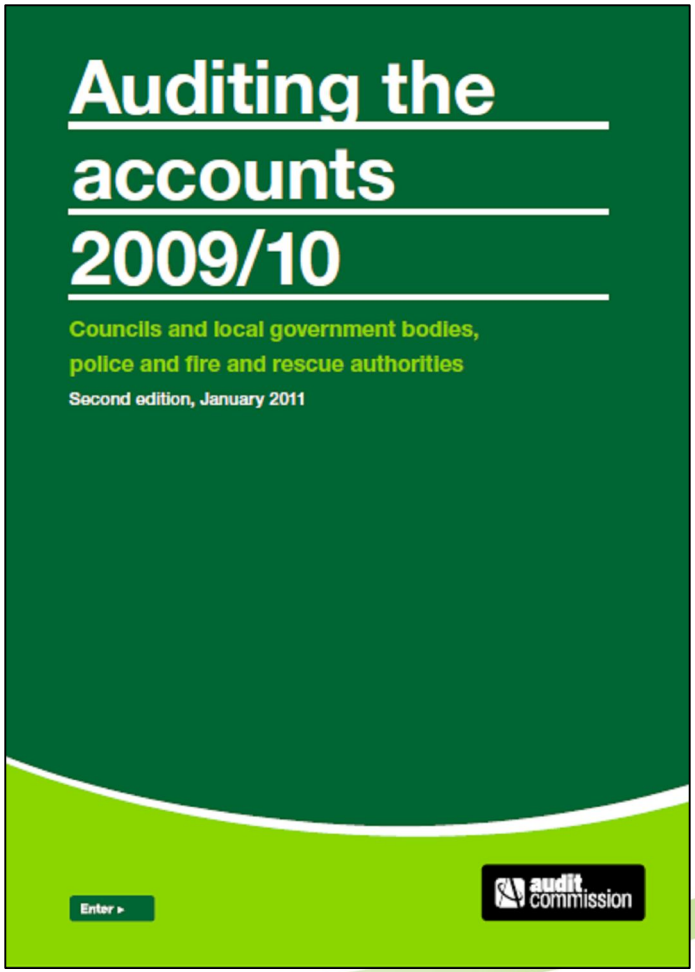
Public interest report 2004

audit commission

Meeting the test of the market

The quality of financial management can be improved:

- Specific audit risks
- Strength of control environment
- Track record in producing good working papers
- Track record in producing quality accounts
- Timeliness of accounts



audit commission