



devon **audit** partnership

Audit Update Note

Future of Public Audit

Plymouth City Council

Auditing for achievement

INTERNAL AUDIT UPDATE NOTE

The formal abolition of the Audit Commission took a further step on the 13th May with the announcement in the Queen's Speech of the Local Audit and Accountability Bill.

Ministers claim the Bill could save the public purse up to £1.2bn and increase the accountability of councils.

The main provisions in the draft Local Audit Bill are:

- The repeal of legislation setting up the Audit Commission (the Audit Commission Act 1998) and provision to transfer assets, liabilities and continuing functions to other bodies.
- A requirement on local public bodies to appoint an external and independent auditor on the advice of an independent auditor panel.
- The creation of a new regulatory framework for local public audit, whereby the Financial Reporting Council and professional accountancy bodies would regulate the provision of local public audit services.
- The transfer of responsibility for setting the high level Code of Audit Practice to the National Audit Office.
- Powers for the National Audit Office to undertake studies of thematic value for money issues relating to local government, and to access information needed to do so.

The draft local audit bill also includes consultation on who will operate the NFI in the future. The draft Bill transfers the Commission's current data-matching powers to the Secretary of State, who in practice will delegate them to the new operational owner of the National Fraud Initiative which will transfer to a new organisation. The National Fraud Authority, the Department for Work and Pensions and the Cabinet Office (ERG) have expressed an interest in taking on operational ownership of the National Fraud Initiative