



Department for
Communities and
Local Government

Local Audit

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Department for
Communities and
Local Government

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**“Our books are balanced. 50% of our
numbers are real and 50% are made up.”**



- The Local Audit and Accountability Act 2014
- Accounting and audit requirements
- Exemption from routine audit
- Auditor appointment
- New transparency requirement



Local Audit and Accountability Act 2014

- Closes the Audit Commission
- Puts in place arrangements for local audit



<http://www.legislation.gov.uk/ukpga/2014/2/contents/enacted/data.htm>



Accounting and Audit Requirements

Current proportionate accounting and audit requirements will stay:

- prepare an Annual Return, including an income and expenditure (or receipts and payments for <£200k turnover parishes) account and a governance statement
- carry out an annual review of the effectiveness of systems of internal control
- maintain an internal audit function
- routine audit - to be specified in the Code of Audit Practice to be produced by National Audit Office, and
- public inspection of accounting records for a period each year



Exemption from Routine Audit

- Parishes with an annual turnover below £25,000 will be eligible to self-certify as exempt from routine audit, except where:
 - the parish is new (first three years)
 - a public interest report, written recommendation or advisory notice has been issued
 - an item of account has been declared unlawful, or
 - the parish is subject to judicial review
- Parishes will be able to choose to have a routine audit
- All parishes will be required to have an auditor to carry out public interest duties and electors will be able to ask questions and raise objections with the auditor in the usual way.



The Act enables parishes to procure and appoint audit services individually or jointly, with the use of an independent auditor panel in the same way as principal authorities.

Regulations will enable the Secretary of State to specify a “person” to procure and appoint auditors to smaller authorities, and to set fees.

NALC and SLCC proposal for a sector-led body:

- sector-owned and managed
- voluntary
- regulations will set out how local authorities can opt-in or opt-out
- Parishes that opt-in will not be required to establish an independent auditor panel and will be able to benefit from bulk-purchase prices.



New Transparency Requirement

Parishes with a turnover below £25,000 will be subject to a new transparency code:

- all items of expenditure
- end of year accounts
- annual governance statement
- internal audit report
- location of public land and building assets
- agendas, approved minutes and papers of formal meetings, and
- list of councillor responsibilities

<https://www.gov.uk/government/consultations/draft-transparency-code-for-parish-councils>



Summary – audit regime for smaller authorities (< £6.5m)

ACCOUNTS		AUDIT	
£200k*	Income and Expenditure	Limited Assurance (intermediate)	E L E C T O R R I G H T S
	Payment and Receipts (or Income and Expenditure if authority prefers)	Limited Assurance (basic)	
		Exemption from limited assurance audit and new transparency requirement	
£25k			

* three-year smoothing retained



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Thank You

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