



Haringey Council

Report for:	Corporate Committee	Item number	
Title:	Local Audit and Accountability Act 2014		
Report authorised by :	 Kevin Bartle – Assistant Director – Finance (CFO)		
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Ward(s) affected: All	Report for Key/Non Key Decision: Non-key		

1 Describe the issue under consideration

- 1.1 This report forms a briefing note for members following the enactment of the Local Audit and Accountability Act 2014 (The Act). The Act received Royal Assent on the 30 January 2014.

2 Cabinet Member Introduction

- 2.1 Not applicable

3 Recommendations

- 3.1 Corporate Committee members are asked to note this report.

4 Executive Summary

- 4.1 The Local Audit and Accountability Act 2014 (The Act) introduces a number of measures all aimed at improving the accountability and democracy of councils; the provisions are summarised below with the main issues being considered in more detail within this report.
- 4.1.1 On 13 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. The Act delivers the government's commitment to close the Audit Commission and transfer its remaining functions.
- 4.1.2 The Act also protects electors rights to inspect Local Authorities' accounts and allows them to say if they think that there are matters that the auditor should examine.



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- 4.1.3 Proposals are also included to increase local accountability by ensuring compliance with existing rules to protect the independent free press from unfair competition from Local Authority newspapers.
- 4.1.4 The Act also amends the Local Government Finance Act 1992 so that the principles underpinning the need for Local Authorities to undertake a binding referendum following 'excessive' council tax increases takes account of levy increases.
- 4.1.5 Measures introduced through earlier regulations regarding access to meeting and documents have also been extended through the Act to include Full Council meetings and other local government bodies. This includes the right for the public to film, blog and tweet at public meetings.

5 Abolition of the Audit Commission and other consequent considerations

- 5.1 It is expected that the Audit Commission will close on 31 March 2015; in place of the commission there will be a new framework for local public audit which will commence once the existing audit commission contracts with audit suppliers ends in 2016/17 (or potentially in 2019/20 if all the contracts are extended).
- 5.2 The framework thereafter allows for local bodies to appoint their own independent external auditors. Auditors are to be appointed before the 31 December of the year preceding the year of account and appointments can be made for more than a single year but a new appointment must be made at least every five years. For Haringey the appointment must be made by the Full Council and cannot be delegated, although the views of an authority's 'auditor panel' must be sought and taken into account.
- 5.3 The Act sets out the requirements for, and the duties of, an Auditor Panel. The Council will have to have an auditor panel although a decision on the precise arrangements can be considered at a later date; the provisions allow for panels being created by each authority or jointly by a number of authorities. The majority of members of an auditor panel must be independent and the chair of the auditor panel must also be independent (a definition of independence is included in Schedule 4 Para 2 sub section 2 of the Act) and is attached as Appendix 1.
- 5.4 The scope of audits will remain largely similar with guidance being developed by the Comptroller and Auditor General of the National Audit Office and auditors being required to have regard to such guidance.
- 5.5 The publication of Public Interest Reports will also continue with local bodies being required to publish both any public interest reports and their response. In addition the existing rights of electors to inspect and



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raise concerns on the accounts of public bodies with the external auditor are maintained.

- 5.6 As is currently the case auditors are required to be satisfied that the statement of accounts and accounting records comply with the relevant enactments; that proper practices have been observed in the compilation of the statement of accounts and that they present a true and fair view and that proper arrangements have been made to secure economy, efficiency and effectiveness (vfm) in the use of resources.
- 5.7 The current provisions regarding the right of electors to inspect the accounts and raise objections with the auditor that items of expenditure are unlawful or about which the auditor could make a public interest report are maintained. Auditors must decide whether to consider the objection and if so whether to make a public interest report or a declaration of unlawful expenditure. The auditor has discretion not to consider the objection if they consider it to be vexatious, frivolous, repeats a previous objection or where the cost of the auditor's investigation would be disproportionate to the amount to which the objection relates.
- 5.8 The role of the audit commission relating to authorities compliance with its best value duties passes to the Secretary of State to appoint a person to carry out such inspections.
- 5.9 Previously the regulations governing binding referenda require that, when considering whether an authority has sets a Council Tax at an excessive level (above a limit set by the government), the change in any levies and precepts are excluded. The Act now requires that levies are included (although precepts remain excluded as precepting authorities are subject to their own referendum legislation). In practice this means that the relevant basic amount for the purpose of considering whether a Council Tax increase is excessive is taken to mean the increase in an authority's Band D Council Tax level.

6 Comments of the Chief Financial Officer and Financial Implications

- 6.1 This report is for information and as such there are no direct financial implications arising from it; any consequent effects will be included in future reports.

7 Head of Legal Services comments

- 7.1 The Monitoring Officer has been consulted and has no additional comments to make.

8 Policy Implication

- 8.1 None.



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9 Use of Appendices

Appendix 1 – Local Audit and Accountability Act extract
(Independence of Auditor Panels)

10 Local Government Act, 2000 (Section 97)

Local Audit and Accountability Act 2014

All the above papers are available for inspection through Neville
Murton Head of Finance (Budgets, Accounting and Systems) ext. 3176.

Constitution of an Auditor Panel – Independence.

- (2) A member of a relevant authority’s auditor panel, other than a health service body’s auditor panel, is “independent” at any given time if—
- (a) the panel member has not been a member or officer of the authority within the period of 5 years ending with that time,
 - (b) the panel member has not been an officer or employee of an entity connected with the authority within that period, and
 - (c) the panel member is not at that time a relative or close friend of a member or officer of the authority or an officer or employee of an entity connected with the authority.