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The Future of Local Public Audit

PwC presentation to the London
Borough of Bromley's Audit Sub
Committee

15 December 2011

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Timetable for change

August 2010

Secretary of State for Communities and Local Government announced the end of the Audit Commission. This signalled a new era of public sector audit.

April 2011

The Department for Communities and Local Government issued a consultation paper to discuss the Government's proposals for how a new local government audit framework would operate.

July 2011

The Department for Communities and Local Government confirmed that the work of the Commission's in-house Audit Practice will be outsourced to the private sector (effective from the financial year 2012/13 and for an anticipated period of three or five years).

From 2012/13

The audits of all local government bodies will be undertaken by the private sector.

From 2015/16 or 2017/18

Under current proposals local government bodies will be able to appoint their own external auditors. The exact timing s and details for how this will work have yet to be finalised.

Post Audit Commission

- A procurement process is now underway to appoint auditors to deliver the work that is currently undertaken by the Audit Commission's in house team.
- The total national contract has been split into four regions and ten lots, and, to ensure that no one firm dominates the market, the maximum number of lots that can be awarded to any bidder has been limited to four (one in each region).
- A contract award decision is expected by 24 February 2012.
- The successful bidder will be appointed auditor for a period of three or five years starting in 2012/13. It is expected that after three or five years local councils and other public bodies will be able to plan to appoint their own auditors – creating auditor choice.
- Those bodies who are already audited by private sector firms are not included in the scope of the tender, where the existing framework contract remains in place. Therefore it is likely (based on current information) we will remain as the auditors of London Borough of Bromley for the length of the new contracts that are issued i.e. until 2015/16 or 2017/18.
- We will continue to communicate developments to Officers as the process progresses. We would be happy to provide an update to this committee at a later date if that would be beneficial.

Other proposals

The DCLG consultation paper, 'The Future of Public Audit' confirmed the proposal to disband the Audit Commission. However it also sought comments on a series of options covering the following:

- Regulation of local public audit, including the role of the National Audit Office
- Commissioning of local public audit services
- The scope of the audit
- The role of audit committees, including independent membership

The final proposals, following consultation, have yet to be released.

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