Appendix 1

Draft Response to the CLG Consultation on Local Audit

Questions 1-3 and 12-18 are not relevant to NBC and so have been omitted

Q4. Should regulations require that the decision to opt-in to sector-led arrangements is made by full council?

The requirement for full council to make the decision to opt in to sector led arrangements seems excessive. We would suggest that the Audit Committee or Chief Finance Officer in conjunction with the Chief Executive and Chair of the Audit Committee would be best placed to make this decision.

Q5. Do you agree that the maximum length appointing period should be restricted to five years?

We agree with this proposal, but it should not preclude the same auditors from being appointed again in the next round.

Q6. Do you have any other comments on the proposed collective procurement regulations?

The latter part of the regulation relating to non-acceptance of an invitation (just after paragraph 1(9) could be considerably clearer.

In order for authorities to understand their costs for budgeting and planning purposes, the specified person must give notice of the 'reasonable' administrative costs they will be charging in good time.

It would be helpful if all the members of a Business Rates pool were within the same collective arrangement in order to make the audit of more efficient and therefore cost effective. Separate auditors for a pool arrangement could give rise to issues in relation to acceptability of assurance.

Q7. Is 30 working days a suitable period for the accounts to be available?

We understand and appreciate the intention to give the public certainty over the public inspection period, no matter where they are, and support that proposal.

Although this is equivalent to the current period, it does seem a very long period of time given that the total audit period is so short and the accounts still need to go to Audit Committee. If changes are needed following an objection from a member of the public, there is not much time to get it made and signed off if it is of a nature that affects multiple notes to the accounts.

Q8. Do you agree this information should be published electronically?

Most authorities use electronic media and this is certainly more readily accessible to most people than other forms of publication.

Q9. Do you agree that a common period for the exercise of public rights should be included in the regulations?

We do not have any objection to this proposal, other than our comments in response to Q7.

Q10. Do you have any views on the intentions for exempt authorities set out above?

We have no objections to this proposal.

Q11. Do you have any other comments on the proposed Accounts and Audit Regulations?

We understand the reasons for the proposal to bring forward the deadlines for closure of accounts and audit, and are supportive of those reasons. However we do have reservations whether this will deliver the objectives identified.

The stated intention is to improve accountability to the public, but the shortened accounts preparation timescale will increase reliance on estimation and could therefore provide a distorted picture. In addition, the shortened audit period with no equivalent change to the public inspection period, gives limited opportunity to make any amendments that might be necessary.

We also have concerns about the deliverability of the shortened timetable on a number of fronts.

HMRC deadlines for P11ds and P60s are a barrier to the revised deadlines and would need to be brought forward to enable this to happen.

NNDR3 returns and WGA returns would need to be issued accurately and much earlier in order to enable the earlier deadlines to be met. CLG/HMT does not have a good track record in this area and this creates a real risk to deliverability.

There is a conflict of timing in relation to business rates as the earlier deadline would mean we needed their information at their busiest time, as April is when the first direct debits of the year are collected and thus when a large number of queries arise. There is therefore a risk of front line impact of implementing this change.

In order to free up resource to deliver the earlier deadlines it would be better if RA forms were issues in February for return by the end of April.

Many authorities have cut back their back office services, such as Finance, in order to deliver the savings required to balance budgets under the austerity measures that the Government has put in place. This, combined with major projects needing Finance support that are taking place in many authorities to deliver both savings and local economic regeneration, makes it extremely challenging to find the resource to deliver the accounts in a shorter period. The work can no longer be allocated to a specific team to focus on, especially in smaller authorities.

There is a history of significant complex accounting changes being implemented at short notice, with detailed accounting requirements not coming out until immediately before or even during the accounts closure process. Examples in recent years include the changes to capital accounting and the Business Rates Retention Scheme. It is anticipated that at or around the time that the new timetable is due to come in major changes to lease accounting are expected. The new timetable will also be after the next election, and there could be changes following that which have a material impact on the accounts. If the new timetable is to be met, proper processes need to be put in place to ensure that changes with accounting implications are given sufficient time to enable all the relevant processes to be put in place.

Our information from authorities that currently close early is that there is a significant degree of estimation in their accounts. There is a risk that this could cause problems for WGA, as well as being a risk to the reliability of the accounts and acceptability to the auditors.

The auditors currently have a period in June when they are focussed entirely on their NHS audits, this will obviously clash with that timetable and introduces risks in terms of deliverability as a result. Alternatively, there is a significant risk that the auditors will increase charges to cover additional resources required to staff the audit concurrently with the NHS audit.