

The future of the Audit Commission's functions

Future of Local Audit

In August 2010, the Department for Communities and Local Government (DCLG) announced plans to put in place new arrangements for auditing England's local public bodies.

Local Audit and Accountability Act 2014

The Act received Royal Assent on 30 January 2014. The Act makes it possible for the Audit Commission to close, in line with Government expectations, on 31 March 2015, 30 years after it was established.

Several of the Commission's functions will continue after its closure.

Management of audit contracts. An independent company created by the Local Government Association (Public Sector Audit Appointments Limited) will be responsible for overseeing the Commission's current external audit contracts with audit firms from 1 April 2015 until December 2017 or up to 2020. It will manage the contracts and exercise statutory powers to appoint auditors, set and determine fees, and to make arrangements for housing benefit subsidy certification.

The professional conduct of auditors will continue to be regulated by the professional accountancy bodies^[1]. From 2017 or up to 2020, Recognised Supervisory Bodies will determine the eligibility of local public auditors and register them and, in turn, they will be recognised and supervised by the Financial Reporting Council. The Financial Reporting Council's Audit Quality Review team will monitor the local public audits carried out by auditors through new regulatory arrangements.

Grant certification. The role of making arrangements for housing benefit subsidy certification will transfer to Public Sector Audit Appointments Limited from 1 April 2015. It is intended that this role will continue until housing benefit is rolled into Universal Credit, or until the audit contracts end – whichever happens first. The independent company will not have a role in relation to the certification of other grant claims.

Code of Audit Practice. The National Audit Office will produce and maintain the Code of Audit Practice and provide supporting guidance to auditors from 1 April 2015.

Whistleblowing. The Comptroller and Auditor General will be a prescribed person to whom whistleblowing disclosures can be made in respect of local public bodies under the Public Interest Disclosure Act 1998 from 1 April 2015. Appointed auditors retain their status as a prescribed person under the Act.

National Fraud Initiative. The Audit Commission powers to conduct the National Fraud Initiative will pass to Cabinet Office on the 1st of April 2015, and the NFI will run under Cabinet Office powers from that date onwards. The NFI matches data provided by some 1,300 participating organisations from across the public and private sectors against data provided by other participants, and key data sets provided by government departments and other national agencies, to prevent and detect fraud.

Counter fraud. To preserve the legacy of the Audit Commission's counter-fraud work we will publish relevant counter-fraud tools and outputs online with open access before the Commission closes at the end of March 2015.

Provision of information about audit. The National Audit Office will publish information previously provided by the Audit Commission. The NAO will become the owner of *Council Accounts: A Guide to Your Rights*, often referred to as the guide to the electorate's rights with regard to the audit of their local authority. Public Sector Audit Appointments Limited will continue to publish Auditing the Accounts and quarterly and annual reports on auditor compliance and audit quality.

Analytical tools. Three of the Audit Commission's analytical tools that are primarily maintained to support audit contracts will transfer to Public Sector Audit Appointments Limited and will continue until the end of the current audit contracts: the two Value for Money Profiles Tools (for councils and for fire authorities), and the Audit Fees Comparator Tool. The Financial Ratios Tool is also likely to continue, although arrangements are yet to be finalised.

National value for money studies. Building on its existing work, including in the Health sector, the National Audit Office now also carries out studies which consider the value for money of services delivered by the local government sector.

Best value inspections. The power to carry out Best Value inspections (not exercised by the Audit Commission since 2010) transferred to the Secretary of State for Communities and Local Government on 4 April 2014.

Audit Commission historic reports and information. The National Archives preserves copies of the Audit Commission's website and these are available at http://webarchive.nationalarchives.gov.uk*/http://audit-commission.gov.uk/pages/default.aspx. For copies of the Commission's past reports you may view these on the National Archives website.

Not all of the professional bodies will be Recognised Supervisory Bodies for the purposes of local public audit.

See the [Future functions at a glance page](#) for contact details after 1 April 2015