

How might changing the extent and focus of audits impact on local government?

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Current scope of local public audits

- True and fair opinion on financial statements
- Conclusion on VFM arrangements
- Review/report on other info including SIC, governance statement, remuneration report and WGA schedules
- Reduced assurance regime for smaller bodies

CLG options for audit scope

Option 1	Current Scope LESS VFM arrangements
Option 2	Current Scope including VFM arrangements
Option 3	Current Scope PLUS conclusions on regularity/propriety, financial resilience, and <u>achievement</u> of VFM
Option 4	Current Scope plus <u>reasonable assurance</u> on an (additional) Annual Report including reporting on VFM arrangements, VFM achievement, achievement of regularity/propriety, and financial resilience.

Other aspects of audit scope

Public Interest Reporting	Retain
Provision of non-audit services	Allow but refocus safeguards through Audit Committee
Public Interest Disclosure	Auditor and audit committee to be designated prescribed persons under the PID Act
Transparency	Replace 'right to object' with transparency reporting requirements and bringing audits under FOI Act

Discussion Points: Options 1 and 2

- Views on Option 1 in the current climate?
 - Reduced accountability v reduced audit cost
 - Would the approach to VFM change?
 - Implications of changes?
- Is the Status Quo (Option 2) a good thing?
 - Certainty v DCLG aspirations

Discussion Points: Option 3

- Strength of conclusions on regularity/propriety, financial resilience, and achievement of VFM?
- Using what guidance or criteria?
- Impact on costs?

Discussion Points: Option 4

- What impact would the production of Annual Reports have on local authorities?
- What does reasonable assurance mean in terms of Annual Reports?
- Would the work required to produce Annual Governance Statements change, and if so, how?