

AT/PSC

Future of Local Audit
Department for Communities and Local Government
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LONDON
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By email: foia@communities.gsi.gov.uk

31 August 2012

Dear Sir/ Madam

ICAS response to the Draft Local Audit Bill consultation

The Public Sector Committee of The Institute of Chartered Accountants of Scotland (ICAS) welcomes the opportunity to comment on the Department for Communities and Local Government (DCLG) Draft Local Audit Bill. The Public Sector Committee is a broad based committee of ICAS members with representation from across the public services.

ICAS's Charter requires its committees to act primarily in the public interest, and our responses to consultations are therefore intended to place the public interest first. Our Charter also requires us to represent our members' views and to protect their interests, but in the rare cases where these are at odds with the public interest, it is the public interest which must be paramount.

We wish to highlight that the Draft Local Audit Bill contains no specific mention of the requirements and responsibility for local authority pension fund audits after the Audit Commission winds up.

The current position is that the DCLG issued regulations which require a separate pension report and accounts to be published from 2007-08. There is no statutory backing in the Accounts and Audit Regulations (England) to require a separate pension fund audit, although in practice, the Audit Commission made its own decision to require this from 2008-09.

This practice is inconsistent with the public and private sector across the UK. For example, the Civil Service Pension Scheme publishes a separate set of accounts with an audit opinion and in the private sector, pension schemes are required to produce a separate annual report and accounts and to have them separately audited. The Scottish Government introduced statutory guidance ([Accounting for Local Authority Pension Funds](#)) requiring local authority pension funds to be subject to a separate pension fund audit and audit opinion as from 2010/11.

In our view it is best practice that accounts which form part of a separate document require a separate audit and audit opinion. The DCLG Local Audit Bill offers an excellent opportunity to enshrine current practice in law. This would bring English local authorities pension fund audits in line with best practice. Greater clarity through regulation would provide some assurance that the requirement for a separate pension fund audit report in England continues after the Audit Commission winds up.

We hope this is helpful.

Yours faithfully

Alice Telfer
Assistant Director