

# Subject: Audit Arrangements for the GLA Group

Report to: Audit Panel

Report of: Executive Director of Resources

Date: 10 July 2012

This report will be considered in public

## 1. Summary

- 1.1 This report sets out a summary of the audit arrangements for the Greater London Authority (GLA) Group and updates the Panel on the Government's consultation on the 'Future of Local Public Audit'.

## 2. Recommendation

- 2.1 **That the Audit Panel considers this report.**

## 3. Background

- 3.1 In the light of the Audit Commission's recent announcements on appointments of external auditors and the Local Government (Access to Information) Act 1985 becoming binding on all members of the GLA Group, the Chair of the Panel has asked that a report be prepared which sets out for information the external and internal audit arrangements for the Group. The report also gives an update on the Government's consultation on the 'Future of Local Public Audit'.

## 4. Summary of existing audit arrangements

- 4.1 Set out overleaf is a table which summarises the existing internal and external audit arrangements across the Group. In respect of the external auditor appointments for 2012-13, formal decisions by the Audit Commission over appointments for 2012-13, will not be confirmed until after the Panel's meeting and there is a requirement on the Audit Commission to consult the relevant public body prior to the appointment being made.

Member of GLA Group	External Auditor for '11/12 Accounts	External Auditor for '12/13 Accounts	Internal Auditor
GLA	Audit C'msn	Ernst & Young	MOPAC
LFEPa	Audit C'msn	Ernst & Young	MOPAC
OPLC / LLDC	Mazars	To be determined	Moore Stephens
LPFA	Audit C'msn	Grant Thornton	PWC
MOPAC	Audit C'msn	Grant Thornton	MOPAC
TfL	KPMG	KPMG	TfL

## 5. Future of Local Audit

5.1 In response to the consultation on the 'Future of local public audit', DCLG has indicated that it intends to publish a draft Bill on the future arrangements for local public audit for further scrutiny and comment in the summer. The Bill will outline how the current audit regime and the Audit Commission will be replaced. The Government has indicated that the appointment of the Authority's external auditor would be a joint decision for the Mayor and the Assembly. The Government has committed to working with the GLA on the details and a verbal update will be given at the meeting.

## 6. Legal Implications

6.1 The Committee has the power to do what is recommended in this report.

6.2 The GLA and the functional bodies are required by section 127 of the GLA Act 1999 to make arrangements for the proper administration of their financial affairs and to ensure that their chief finance officer has responsibility for the administration of those affairs. The Audit Commission Act 1998 and the Accounts and Audit Regulations 2011 apply to GLA and the functional bodies. GLA is also required by section 134 of the GLA Act 1999 to prepare an annual statement summary of accounts in respect of the GLA, functional bodies and the London Pensions Fund Authority.

6.3 Section 3 of the Audit Commission Act 1998 sets out the current process for appointment by the Audit Commission of an external auditor for a body subject to audit (such as GLA and functional bodies). The Audit Commission is required to consult the relevant body prior to appointing external auditors.

6.4 The Government's proposed Bill should be considered further when it is published.

## 7. Financial Implications

7.1 The Government's proposals on changes to the audit regime aim to save public bodies some £30m a year. Detailed fee negotiations with external auditors across the Group will commence once appointments are confirmed.

---

**List of appendices to this report:**

There are none.

**Local Government (Access to Information) Act 1985**

List of Background Papers:

There are none.

Contact Officer: David Gallie, Assistant Director of Finance

Telephone: 0207 983 4968

E-mail: [david.gallie@london.gov.uk](mailto:david.gallie@london.gov.uk)