



House of Commons
NOTICES OF AMENDMENTS
given up to and including
Thursday 12 December 2013

CONSIDERATION OF BILL

LOCAL AUDIT AND ACCOUNTABILITY BILL [LORDS]

NEW CLAUSES

Integrated audit

Andy Sawford

NC1

To move the following Clause:—

- ‘(1) Before section 1 of this Act is brought into force, the Secretary of State shall, by regulations, put into effect arrangements for integrated audit which enables auditors to work across authorities and with the National Audit Office, where national and local funding is being used jointly.’
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Transparency of audit

Andy Sawford

NC2

To move the following Clause:—

- ‘(1) A local auditor has a right of access at all reasonable times to audit documents from private companies to whom the local authority has contracted significant services during the last financial year.
- (2) Local auditors only have a right of access to audit documents from private companies, under subsection (1), that relate to the service provided to the local authority by that company.
- (3) A local auditor must make available on request any audit documents, obtained under subsection (1), subject to the provisions of the Freedom of Information Act 2000.

Local Audit and Accountability Bill [*Lords*], *continued*

- (4) In this section “private company” shall be interpreted to mean any legal entity, including joint ventures, not-for-profit organisations, mutually-held organisations and charities.
 - (5) Five years after the coming into force of this section, the Secretary of State must commission and publish a review of the effectiveness of subsections (1) to (3) and of the costs to local auditors, private companies and local authorities arising from it.
 - (6) The meaning of “significant” and “terms of qualification” shall be set out by regulations.’.
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Secretary Eric Pickles

1Clause **8**, page **6**, line **43**, at end insert—

‘(ba) specifies the period for which the local auditor has been appointed,’.

Andy Sawford

13Clause **20**, page **15**, line **24**, at end insert—

- ‘(7) A person providing commercial or consultancy services to an authority may not audit those services.
 - (8) The audit of any commercial or consultancy services provided by a person appointed as a local auditor must be subcontracted to a different local auditor.’.
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Andy Sawford

14Clause **39**, page **26**, line **11**, leave out ‘one or more specified local authorities’ and insert ‘a local authority’.

Andy Sawford

15Clause **39**, page **26**, line **25**, leave out subsection (4) and insert—

- ‘(4) A direction can only be made by the Secretary of State if—
 - (a) evidence of a breach of a code has been published by the Secretary of State to the local authority;
 - (b) a local authority, on receipt of a letter from the Secretary of State notifying them of evidence which purports to demonstrate a breach of the code has made a response to the Secretary of State within 28 days; and
 - (c) upon receiving any response the Secretary of State has published a report detailing his conclusions.’.

Local Audit and Accountability Bill [*Lords*], *continued*

Andy Sawford

Clause 39, page 27, leave out lines 1 to 29.

16

Stephen Barclay

Clause 41, page 30, line 18, at end add—

‘(c) save that any amount levied to provide for the activity of an internal drainage board shall be disregarded for the purposes of calculating an excessive council tax rise.’

17

Secretary Eric Pickles

Clause 41, page 30, line 32, at end insert—

‘(13A) Subsections (14) to (16) apply (and subsections (18) to (20) do not apply) if, in accordance with section 49(2A), this section comes into force on the day on which this Act is passed.’

6

Secretary Eric Pickles

Clause 41, page 30, line 37, after ‘may’, insert ‘, in particular,’.

7

Secretary Eric Pickles

Clause 41, page 31, line 2, at end insert—

(17) Subsections (18) to (20) apply (and subsections (14) to (16) do not apply) if this section comes into force on a day appointed by the Secretary of State by order under section 49(2A).

(18) Section 52ZC of the Local Government Finance Act 1992 applies with the following modifications to the determination of a set of principles for the financial year beginning with 1 April 2015.

(19) The Secretary of State may, in particular, determine categories of authority for that financial year—

(a) on the basis of whether an authority’s relevant basic amount of council tax for the financial year beginning with 1 April 2013 would have been excessive if that amount for that year and for the immediately preceding financial year had been determined under section 52ZX of the Local Government Finance Act 1992 as amended by this section,

(b) on the basis of whether an authority’s relevant basic amount of council tax for the financial year beginning with 1 April 2014 would have been excessive if that amount for that year and for the immediately preceding financial year had been determined under that section as so amended, or

(c) on the basis set out in paragraph (a) and on the basis set out in paragraph (b).

(20) In subsection (3)(b) of section 52ZC the reference to an authority’s relevant basic amount of council tax for the financial year immediately preceding the year under consideration is to the amount that would have been calculated by the authority for that year under section 52ZX of the Local Government Finance Act 1992 if the amendments made to it by this section had been in force for that year.’

8

Local Audit and Accountability Bill [Lords], *continued*

Stephen Barclay

18

Clause 41, page 31, line 2, at end insert—

‘(17) The Secretary of State may, by Order, exempt from the calculation of an authority’s basic amount of council tax any levies agreed as part of a City Deal signed prior to this Act receiving Royal Assent.’

Secretary Eric Pickles

2

Clause 44, page 34, line 19, at end insert—

‘(2A) References in this Act to provision made under it include provision made under Part 42 of the Companies Act 2006 as it has effect by virtue of Schedule 5.’

Secretary Eric Pickles

9

Clause 49, page 36, line 3, leave out ‘and’ and insert ‘to’.

Secretary Eric Pickles

10

Clause 49, page 36, line 5, at end insert—

‘(2A) If this Act is passed before 5 February 2014, section 41 comes into force on the day on which this Act is passed; otherwise that section comes into force on such day as the Secretary of State may by order appoint.’

Secretary Eric Pickles

11

Clause 49, page 36, line 8, leave out paragraph (a).

Secretary Eric Pickles

3

Schedule 2, page 42, line 36, leave out paragraphs (a) and (b) and insert ‘that is wholly in England’.

Andy Sawford

12

Schedule 2, page 43, line 8, at end insert—

‘30 A Local Enterprise Partnership.’

Local Audit and Accountability Bill [*Lords*], *continued*

Secretary Eric Pickles

4

Schedule 4, page 47, line 5, after ‘authority’, insert ‘other than a health service body’.

Secretary Eric Pickles

5

Schedule 5, page 58, line 3, leave out sub-paragraph (3) and insert—
 ‘(3) For paragraph 6 (holding of appropriate qualification) substitute—

“Holding of appropriate qualification

- 6 (1) The body must have rules to the effect that an individual is not eligible for appointment as a local auditor unless the individual—
- (a) holds an appropriate qualification,
 - (b) is an EEA auditor who has passed an aptitude test in accordance with sub-paragraph (3), unless an aptitude test is not required (see sub-paragraphs (4) and (5)), or
 - (c) has been authorised to act as a local auditor by the body pursuant to the European Communities (Recognition of Professional Qualifications) Regulations 2007 (SI 2007/2781), and complies with the requirements of those Regulations that apply to a person acting as a local auditor.
- (2) The body must have rules to the effect that a firm is not eligible for appointment as a local auditor unless—
- (a) each individual responsible for local audit work on behalf of the firm is eligible for appointment as a local auditor, and
 - (b) the firm is controlled by qualified persons (see paragraph 7 below).
- (3) The aptitude test—
- (a) must test the individual’s knowledge of subjects—
 - (i) that are covered by a recognised professional qualification,
 - (ii) that are not covered by the professional qualification already held by that individual, and
 - (iii) the knowledge of which is essential for the pursuit of the profession of local auditor;
 - (b) may test the individual’s knowledge of rules of professional conduct;
 - (c) must not test the individual’s knowledge of any other matters.
- (4) No aptitude test is required if—
- (a) the individual is to provide services consisting of local audit work on a temporary and occasional basis, or
 - (b) the subjects that are covered by a recognised professional qualification and the knowledge of which is essential for the pursuit of the profession of local auditor are covered by

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the professional qualification already held by the individual.

- (5) Whether the provision of services is on a temporary and occasional basis is to be assessed on a case by case basis and in particular by reference to its duration, its frequency, its regularity and its continuity.
- (6) A firm which has ceased to comply with the conditions mentioned in sub-paragraph (2) may be permitted to remain eligible for appointment as a local auditor for a period of not more than three months.”
- (3A) In paragraph 7 (meaning of control by qualified persons)—
- (a) in sub-paragraph (1) (introductory), for “paragraph 6(1)(b)” substitute “paragraph 6(2)(b)”, and
 - (b) in sub-paragraph (2)(b)(i), (requirement for firm to be eligible for appointment as statutory auditor), for “statutory auditor” substitute “local auditor, or as a statutory auditor in accordance with this Part of this Act as it has effect apart from its application by virtue of Schedule 5 to the Local Audit and Accountability Act 2013.”.
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ORDER OF THE HOUSE [28 OCTOBER 2013]

That the following provisions shall apply to the Local Audit and Accountability Bill [Lords]:

Committal

1. The Bill shall be committed to a Public Bill Committee.

Proceedings in Public Bill Committee

2. Proceedings in the Public Bill Committee shall (so far as not previously concluded) be brought to a conclusion on Thursday 21 November 2013.
3. The Public Bill Committee shall have leave to sit twice on the first day on which it meets.

Consideration and Third Reading

4. Proceedings on consideration shall (so far as not previously concluded) be brought to a conclusion one hour before the moment of interruption on the day on which those proceedings are commenced.
5. Proceedings on Third Reading shall (so far as not previously concluded) be brought to a conclusion at the moment of interruption on that day.
6. Standing Order No. 83B (Programming committees) shall not apply to proceedings on consideration and Third Reading.

Other proceedings

7. Any other proceedings on the Bill (including any proceedings on consideration of Lords Amendments or on any further messages from the Lords) may be programmed.
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