

AccountancyAge

FRC consults on local audit regulation

by Richard Crump

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THE FRC is consulting on the audit of local public bodies after being tasked with overseeing the market, as part of a new regulatory framework that will apply following the abolition of the Audit Commission.

Under the Local Audit and Accountability Act, councils and local health bodies will procure and appoint their own auditors, while the UK reporting watchdog has been handed responsibility for regulating the audit of public bodies.

Its duties will include inspecting the quality of audits of the largest local public bodies and health bodies, excluding Foundation Trusts; overseeing the

regulation of auditors of local public bodies by professional bodies by professional bodies the FRC recognises; and setting specific statutory requirements on auditors.

"This consultation seeks to strike an appropriate balance between recognising the particular challenges of local public audit and consistency with the arrangements for regulating company auditors," said Paul George, executive director of conduct at the FRC.

In April, KPMG, EY and BDO were awarded the remaining local government audit work to be parcelled out to the private sector following the closure of the Audit Commission's practice. The contracts were awarded following the retendering of 30% of the commission's principal audits, having outsourced the work of its in-house audit practice in 2012, covering 70% of the commission's audit regime.

The consultation can be viewed [here](#).

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