

LEGISLATIVE CONSENT MEMORANDUM
LOCAL AUDIT AND ACCOUNTABILITY BILL

1. This Legislative Consent Memorandum is laid under Standing Order (SO) 29.2. SO29 prescribes that a Legislative Consent Memorandum must be laid, and a Legislative Consent Motion may be tabled, before the National Assembly for Wales if a UK Parliamentary Bill makes provision in relation to Wales for a purpose that falls within or modifies the legislative competence of the National Assembly.
2. The Local Audit and Accountability Bill (the “Bill”) was introduced in the House of Lords on 9 May 2013. The Bill can be found at:
<http://services.parliament.uk/bills/2013-14/localauditandaccountability.html>.

Summary of the Bill and its Policy Objectives

3. The Bill is sponsored by the Department for Communities and Local Government of the UK Government. The policy objectives for the Bill confirm the UK Government's commitment to abolish the Audit Commission, to put in place streamlined arrangements for the audit of local public bodies and to increase local accountability.
4. The key provisions in the Bill provide for the abolition of the Audit Commission, which is responsible for the audit regime for Local Authorities and the National Health Service in England. The Bill sets out a new local audit and accountability framework for local public bodies in England, which allows those bodies to appoint their own independent external auditors. There will also be a new audit framework for local health bodies. The Bill makes provision for the accounts of local authorities, the auditing of those accounts and makes provision for the appointment, functions and regulation of local authorities.

Provisions in the Bill for which consent is sought

5. The consent of the Assembly is sought for arrangements covering audit and publication of information for Internal Drainage Boards (IDBs) whose areas fall partly within Wales. IDBs partly in England and partly in Wales are currently audited in accordance with the limited assurance auditing regime set out in the Audit Commission Act 1998. The abolition of the Audit Commission means that unless provision is made within the Bill for the auditing of cross border IDBs, they will not be covered by any audit regime when the legislation comes into force.
6. There are three IDBs in Wales, the Caldicot and Wentlooge Levels IDB (which is wholly in Wales), the Lower Wye IDB and Powysland IDB

(which are partly in Wales and partly in England).

7. Specifically, the provisions in the Bill will mean that the two cross border IDBs will be subject to the new audit regime, which is being introduced in England for “smaller authorities”. They will also be subject to the same provisions for the publication of information that will apply to “smaller authorities” in England.
8. The key features of the new framework for smaller authorities which are to be set out in regulations are:
 - A threshold of £25,000 below which smaller authorities would not be subject to an external audit;
 - Enhanced transparency requirements by extending the provisions for the publication of information by local authorities;
 - A proportionate regulatory regime, and the limited assurance form of audit maintained and specified in a Schedule to the Code of Audit Practice produced by the National Audit Office;
 - The ability for smaller authorities to procure and appoint audit services individually or jointly with the use of an independent auditor panel.
9. Clause 2 of the Bill provides that the Bill applies to the “relevant authorities” listed, in Schedule 2. The list in Schedule 2 includes at paragraph 26 Internal Drainage Boards (“IDB”) (a) wholly in England or (b) partly in England and partly in Wales
10. It is the view of the Welsh Government that these provisions fall within the legislative competence of the National Assembly for Wales under Part 1 of Schedule 7 to the Government of Wales Act 2006 in relation to matters in paragraphs 6 (Land drainage and land improvement), and 19 (Flood risk management) and the Assembly could pass equivalent legislation in relation to the cross-border IDB which exercise part of their functions in Wales (as is currently the case).
11. The provisions also relate to paragraph 14 (Audit, examination, regulation and inspection of auditable public authorities) because IDBs are “auditable public authorities” falling within the scope of sub-paragraphs (f) and (d) of paragraph 14 in that they issue levies and precepts and that the Welsh Ministers have functions in relation to them.
12. The Bill does not include powers for the Welsh Ministers to make subordinate legislation.

Advantages of utilising this Bill rather than Assembly legislation

13. It is the view of the Welsh Government that the UK Government’s decision to abolish the Audit Commission has consequences for the current audit arrangements for the two IDBs which cross the border between England and Wales. It is necessary to put in place new audit

arrangements and as these authorities are currently audited in accordance with the auditing regime in England, it is appropriate to deal with these provisions in this UK Bill as it represents the most appropriate and proportionate legislative vehicle to enable these provisions to apply in relation to the element of these bodies which relate to Wales.

Financial implications

14. There are no anticipated financial implications for the Welsh Government. IDBs are funded through drainage rates on the occupiers of all agricultural land within its area, a special levy placed on their constituent local authorities and via income from private works. In the case of the two cross border IDBs, which includes parts of Wales, the constituent authorities in Wales will be liable for a levy in proportion to the area covered.

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Minister for Natural Resources and Food
May 2013