

BRECKLAND AUDIT COMMITTEE'S RESPONSE TO CLG'S CONSULTATION ON THE FUTURE OF LOCAL AUDIT

No.	Question	Response
1.	Have we identified the correct design principles? If not, what other principles should be considered? Do the proposals in this document meet these design principles?	<p>We had several fundamental concerns with the design principles suggested, none more so with the principle that the intention is to achieve "lower audit fees". In practice, the intention appears to be to deliver this principle through a reduction in the nature of audit work performed, and perhaps needs to be rephrased in that sense; otherwise, it would appear to run contradictory to the principle to achieve "high standards of auditing"</p> <p>In reading through the documentation, there are constant conflicts between various elements of the design principles, and no more so than in section 4, on the scope of audit work. Whilst reducing the volume of audit work performed may reduce audit costs, they do not serve to increase transparency in local government, nor help people in holding local public bodies to account. As such, there seems to need to be a greater consideration of whether more weight should be given to qualitative (e.g. transparency) or quantitative (e.g. cost of audit) factors throughout these proposals.</p>
2.	Do you agree that the audit of probation trusts should fall within the Comptroller and Auditor General's regime?	Review of the paper indicates that this would seem to be a matter of common sense, and as such we accept this proposal.
3.	Do you think that the National Audit Office would be best placed to produce the Code of audit practice and the supporting guidance?	We are supporting of this proposal, however the Consultation is proposing that local public body audit continues to closely follow standards set by the Auditing Practices Board; if the intention is that the National Audit Office (NAO) is to produce the Codes of Practice, then the emphasis should clearly be for close working with the Financial Reporting Council (FRC). Its code should include the regularity, propriety and VFM requirements.

No.	Question	Response
4.	Do you agree that we should replicate the system for approving and controlling statutory auditors under the Companies Act 2006 for statutory local public auditors?	Although this is satisfactory in principle, in practice CIPFA are not presently a supervisory body under the Companies Act 2006 (they are a recognised qualifying body); the intention is that all auditors would be members of a supervisory body. As many experienced public auditors are CIPFA members, it would be advisory to ensure CIPFA work to meet the needs to be determined a “supervisory body”.
5.	Who should be responsible for maintaining and reviewing the register of statutory local public auditors?	It would be sensible that this body is either the NAO or FRC, and potentially the same body that provides the oversight of the quality of audit work would seem the sensible body to do this. However, the key point is that there should only be one central body to maintain and review the register to avoid confusion and aid transparency.
6.	How can we ensure that the right balance is struck between requiring audit firms eligible for statutory local public audit to have the right level of experience, while allowing new firms to enter the market?	<p>Our initial response is that it is the right of the bodies that appoint external auditors to determine who their auditors should be, and therefore determine whether they have the appropriate level of experience to undertake this work.</p> <p>In the context of the wider issue, inevitably, audit firms will be motivated to enter the market where there is an appropriate ongoing revenue stream which will allow them to invest the resources in building an efficient and effective audit approach – e.g. through training auditors in the requirements of public sector audit. Although the principles of assurance operate regardless of whether in the commercial or public sector, the complexities of local public body accounting and legislature – e.g. housing benefits, PFI schemes, capital accounting rules, mean that auditors new to the sector will require significant upfront investment in learning to ensure they have understanding of the key risks and audit approaches to be adopted; inevitably this will mean that firms already engaged within the market will be in an advantageous position. Allowing appointments for longer periods (e.g. 5 year blocks) and, as intended, joint procurement, will incentivise firms to enter the market.</p>

No.	Question	Response
7.	What additional criteria are required to ensure that auditors have the necessary experience to be able to undertake a robust audit of a local public body, without restricting the market?	<p>The answer to this question is somewhat leading to the fact that experience of local public body audit is desirable on the part of auditors to ensure they have a sufficiently robust understanding of the key risks and issues that these organisations face. However, due to the limited number of organisations that have this experience, placing such limitations inevitably could restrict the market. We again refer to the issue that it should be up to the body appointing the auditor to ensure they are suitably qualified to do so.</p>
8.	What should constitute a public interest entity (i.e. a body for which audits are directly monitored by the overall regulator) for the purposes of local audit regulation? How should these be defined?	<p>Regardless of whether a local public body is established as a “public interest entity (PIE)”, the intention is to still have some oversight of the quality of audit work through recognised supervisory bodies, which is key to maintaining high audit standards as intended.</p> <p>We have concern that using income and expenditure thresholds to determine such a body could be misleading; instead, consideration could be given to the level of public assets controlled by the body, the number of people employed and the nature of the service provided. The overall impact on the public purse could be a key measure to determine this.</p>

9.	<p>There is an argument that by their very nature all local public bodies could be categorised as 'public interest entities'. Does the overall regulator need to undertake any additional regulation or monitoring of these bodies? If so, should these bodies be categories by the key services they perform, or by their income or expenditure? If the latter, what should the threshold be?</p>	<p>The Consultation places great emphasis on having a strong Audit Committee to hold to account the work of the External Auditor. Other legislation is also encouraging local people to have greater oversight of their local public body, e.g. through review of over £500 spend reports. Other systems to provide assurances to local bodies – such as the statutory internal audit function, or the local code of corporate governance, have been overlooked within the consultation, yet serve to provide local people with assurance that their authority is running effectively, and can be used in conjunction with the auditors report. As such, separate monitoring of the independent external auditor may not be as required in the public sector.</p> <p>Further, such monitoring systems inevitably would increase the cost of local public audit, and therefore defeat one of the principles being achieved; as a result, such regulation should be preserved for only the most material of public authorities.</p>
10.	<p>What should the role of the regulator be in relation to any local bodies treated in a manner similar to public interest entities?</p>	<p>It would seem sensible for the regulator to employ a similar role to that undertaken with regards current public interest entities under the Companies Act.</p>
11.	<p>Do you think the arrangements we set out are sufficiently flexible to allow councils to cooperate and jointly appoint auditors? If not, how would you make the appointment process more flexible, whilst ensuring independence?</p>	<p>We have extensive issues with the arrangements suggested with regards Independent Audit Committees as proposed.</p> <p>Firstly, at present, the majority of local public authorities have audit committees, to which appropriate local members are appointed. Members of such committees are independent of the executive, and often have experience of financial, legal and business management which they can lend to their role. They are directly elected by the local public to oversee the operations of the Council, and as such should be trusted to fulfil that role. Should they not do so, then they are directly accountable to that electorate. At present, legislation allows local public bodies to appoint independent members, particularly to help provide additional guidance and expertise; this is welcomed, but these independent members are not accountable to the public and as such this proposal does not serve the principle to be transparent.</p> <p>Secondly, we do not feel that the arrangements drive suitable</p>

		<p>independence. The “independent” members of the Audit Committee are elected by Council - and report back and advise Council. As such, there appears to be an inherent conflict in their role.</p> <p>Thirdly, the role of the Audit Committee in a local public authority goes far deeper than just operating to appoint and oversee the External Auditor. Such roles include overseeing the assurance framework, the governance framework and arrangements for counter fraud and corruption. If joint Audit Committees are envisaged, would it be appropriate for the representative of two organisations to be able to approve the internal audit plans of a third against their will?</p> <p>However, we do feel it sensible and practical for authorities to be able to work together to jointly appoint an auditor. Given the emphasis on an independent means, we would suggest that a separate “Appointment and Oversight Committee” be formed to appoint and monitor the work of the external auditor, and not extend their reach to other areas of audit committee work. Members of the public should have the right to object to appointments to this Committee to enable greater independence from Council.</p>
12.	Do you think we have identified the correct criteria to ensure the quality of independent members? If not, what criteria would you suggest?	The Independent Members should have voting rights; notwithstanding the Elected Member element the Committee should be politically balanced.
13.	How do we balance the requirements for independence with the need for skills and experience of independent members? Is it necessary for independent members to have financial expertise?	<p>Very little detail has been given in terms of the qualitative criteria that would determine a good independent member. It is up to the appointing authority to determine whether their candidates are suitable, however it is not a case of “balancing”; to fulfil the role suggested, you do need a candidate that genuinely is both suitably independent and qualified.</p> <p>It is difficult to determine what is “financial experience”; e.g. the roles of an accountant and auditor are very different, and would you expect for someone to be a qualified accountant in order to fulfil the role? Whilst it is advised that some financial experience is required, other skills – e.g. legal expertise, business, performance and risk management etc should not be overlooked as these can often serve the individual well in being</p>

		able to scrutinise and challenge.
14.	Do you think that sourcing suitable independent members will be difficult? Will remuneration be necessary and, if so, at what level?	It will be extremely difficult to source suitable members, and as such remuneration would be necessary. To obtain the desired majority of independent members, you would need at least 3 independent members per organisation – in Norfolk this means identifying at least 24 such individuals to serve the public bodies, presuming each had their own committee. Rates would presumably be based on market rates with reference to the local area, although probably in line with current member allowance rates.
15.	Do you think that our proposals for audit committees provide the necessary safeguards to ensure the independence of the auditor appointment? If so, which of the options described in paragraph 3.9 seems most appropriate and proportionate? If not, how would you ensure independence while also ensuring a decentralised approach?	<p>As above, we feel the proposals for audit committees are inappropriate, and such roles should be filled, in the main, by elected members who are accountable to the public. Having an open and transparent procurement process to appoint the auditor, allowing the public to object to that appointment and to continue to raise issues should they arise, is key to ensuring auditor independence.</p> <p>It should also be noted that EU procurement regulations (Remedies Directive, enforced from December 2009) require that local authorities to notify losing bidders of why they were unsuccessful; losing bidders then have a right to appeal against that decision should they feel it unfair. Given the vast majority of external audit procurement exercises will be required to follow EU procurement legislation, this will also serve to hold local authorities to account in selecting their auditor.</p>
16.	Which option do you consider would strike the best balance between a localist approach and a robust role for the audit committee in ensuring independence of the auditor?	Both options have merits provided there is some flexibility in option 2.
17.	Are these appropriate roles and responsibilities for the Audit Committee? To what extent should the role be specified in legislation?	As above, we accept these roles albeit the legislation needs to recognise some degree of flexibility to accommodate local needs, and to identify the other roles that such committees serve.

18.	Should the process for the appointment of an auditor be set out in a statutory code of practice or guidance? If the latter, who should produce and maintain this?	<p>We feel that guidance on the criteria that should be used to evaluate the auditor selection would be helpful, potentially overseen by the regulatory body (i.e. the FRC), in consultation with parties such as the National Audit Office.</p> <p>However, we do not feel that having a statutory code of practice would be useful. Flexibility will need to be employed for local arrangements, which may determine the nature of procurement method followed; as above, it is likely that the vast majority of procurement exercises would need to follow existing EU and UK Procurement Rules and Regulations.</p>
19.	Is this a proportionate approach to public involvement in the selection and work of auditors?	We do not have an issue with the proposals suggested, which support matters in the public interest being appropriately addressed.
20.	How can this process be adapted for bodies without elected members?	Whilst the proposals to bodies without elected members do not directly affect us, we believe it inconsistent that the proposals suggest independent members should be appointed to organisations who have elected members, but not to those without elected members as it is seemingly non-transparent. As such, it could be worth considering the NHS model of having non-executive appointments (NHS Foundation Trusts already have the ability to appoint their auditor)
21.	Which option do you consider provides a sufficient safeguard to ensure that local public bodies appoint an auditor? How would you ensure that the audited body fulfils its duty?	In a time of financial constraint, option 2, with the risk of a financial penalty should the organisation not appoint an auditor, seems a sensible way to ensure this happens. Leniency may need to be given where authorities have difficulties during the appointment process (e.g. ongoing legal challenge to the appointment, or objections to the auditor late in the procurement process)
22.	Should local public bodies be under a duty to inform a body when they have appointed an auditor, or only if they have failed to appoint an auditor by the required date?	Notifying a body of the appointment helps to ensure transparency, and ensures that bodies do not both fail to appoint and then fail to notify in order to avoid further sanction. As such, we feel it is essential they are required to notify they have appointed.

23.	If notification of auditor appointment is required, which body should be notified of the auditor appointment/ failure to appoint an auditor?	Given we have elected for option 2 in question 21 above, we feel it essential that the DCLG should be notified of the appointment – otherwise the Secretary of State will not be in a position to impose sanctions to those who fail to appoint. The list of appointments should be clearly publicly available to enable further scrutiny.
24.	Should any firm's terms of appointment be limited to a maximum of two consecutive five-year periods?	The terms of appointment should be reviewed after two consecutive 5 year periods, but the Council should not be forced to change auditor as long as sufficient independence was still present. Otherwise, the Council may be forced to commission an auditor who did not represent the most skilled, or most economically advantageous option.
25.	Do the ethical standards provide sufficient safeguards for the rotation of the engagement lead and the audit team for local public bodies? If not, what additional safeguards are required?	The safeguards given focus very much on the physical independence of the auditor (or auditing practice) from the organisation, and the need to rotate auditors on a timely basis. However, before accepting appointment (or re-appointment), auditors have to go far further in considering their actual independence from the audited entity, e.g. proportion of non-audit work, contingent fees, monies owed by the audited body, proportion of fee income earned from the engagement, gifts and hospitality, personal auditor objectives, litigation etc. A much closer alignment needs to be made to the auditing practices board ethical standards, and the arrangements proposed, to ensure appropriate and actual independence is maintained.
26.	Do the proposals regarding the reappointment of an audit firm strike the right balance between allowing the auditor and audited body to build a relationship based on trust whilst ensuring the correct degree of independence?	As above, the guidance regarding "independence" of the auditor needs to be sufficiently robust to allow the audited body, and those stakeholders that place reliance on the work of the auditor, to build trust in their opinion. The rotation periods suggested are sufficient to enable effective working relationships between the parties without compromising independence.

27.	Do you think this proposed process provides sufficient safeguard to ensure that auditors are not removed, or resign, without serious consideration, and to maintain independence and audit quality? If not, what additional safeguards should be in place?	We are concerned that the proposal – to refer disputes to the supervisory body for the auditor – is not sufficient, in that the supervisory body would not be in a position to issue sanctions against the audited body (where, for example, it removed an auditor for threatening to issue an inappropriate position). As such, we feel that such disputes must be referred to the Secretary of State in the first instance, who can then refer the issue to the supervisory body where they are concerned with regards the action of the appointed auditor.
28.	Do you think the new framework should put in place similar provision as that in place in the Companies sector, to prevent auditors from seeking to limit their liability in an unreasonable way?	We felt this issue touched on the inherent conflict within the design principles. If the work of the External Auditor is designed to improve transparency, and allow greater public trust, then the auditor must be accountable to the public. However, if there is more emphasis on reducing cost, then authorities must be in a position to be able to limit the liability of the auditor. We feel that there is a need to employ similar provisions to those in the Companies Act to ensure that audited bodies are not unnecessarily penalised financially.
29.	Which option would provide the best balance between costs for local public bodies, a robust assessment of value for money for the local taxpayer and provides sufficient assurance and transparency to the electorate? Are there other options?	Having reviewed each option proposed against the design principles, we believe that option 2 (the current system) is the main way of balancing all criteria. Some lower costs may be achieved through greater competition, although some compromise may have to be made on audit standards due to the need for private auditing firms to achieve profit. We are also concerned that whatever option is proposed, some organisations may struggle to find a cost effective audit approach – particularly those in areas not well served by competitive audit markets.

30.	Do you think local public bodies should be required to set out their performance and plans in an annual report? If so, why?	No. This should be left to councils to determine. Councils have been through periods of publishing annual reports and best value performance reports and these received little attention. Going as far as option 4 is unnecessary. Council budgets are key to local communities and these are consulted upon widely. Many high performing councils may choose to publish annual reports. Many councils with active citizen engagement ('armchair auditors') will choose to do so. But those councils who do not feel the need and whose residents are not interested, should not be required to do so.
31.	Would an annual report be a useful basis for reporting on financial resilience, regularity and propriety, as well as value for money, provided by local public bodies?	<p>Yes on an individual, discretionary basis.</p> <p>But as a mandatory requirement to aid inter-council comparisons, no - as they will inevitably be varied in design and content, and full of subjective 'propaganda' (just as private sector annual reports). They will also be burdensome to those councils that currently do not produce them, and those councils that do not get any benefit from them.</p> <p>Again, s.151 officers are required to report to full council on the robustness of estimates and reserves and the auditor's value for money judgement under option 2 will require the auditor to consider financial resilience in making that judgement. There is no need to require an annual report.</p> <p>(The statement of accounts are much more heavily prescribed than annual reports - and even they are almost impossible to compare accurately)</p>
32.	Should the assurance provided by an auditor on the annual report be 'limited' or 'reasonable'?	<p>See 31 suggesting that annual reports are not made mandatory.</p> <p>For councils that choose to produce them, the audit assurance should be "reasonable".</p>
33.	What guidance would be required for local public bodies to produce an annual report? Who should produce and maintain the guidance?	<p>See 30, which indicate we do not think that annual reports should be made mandatory.</p> <p>CIPFA could provide guidance for councils which choose to produce Annual Reports</p>

34.	Do these safeguards also allow the auditor to carry out a public interest report without his independence or the quality of the public interest report being compromised?	We feel these safeguards are sufficient, particularly given, as above, we suggest the auditor has a right to appeal to the Secretary of State.
35.	Do you agree that auditors appointed to a local public body should also be able to provide additional audit-related or other services to that body?	We are supportive of the restrictions suggested, and would suggest that the threshold of 20% is maintained, albeit with some leniency given regarding expenditure nearing the threshold. It would be useful for some guidance to be provided on what type of work cannot be undertaken by the appointed auditor (or what type of work can), for example, the appointed external auditor can also not provide internal audit work. We would also agree that any such work should require pre-approval by the audit committee.
36.	Have we identified the correct balance between safeguarding auditor independence and increasing competition? If not, what safeguards do you think would be appropriate?	<p>We do not feel that legislation can, or should, control the commercial decision on the part of a company to decide whether or not to tender for audit work on the basis that providing other services may be a more attractive (i.e. more profitable) option. For example, many audit companies also provide internal audit services to public bodies, and they should be free to elect which type of work they undertake for the organisation.</p> <p>It should also be noted that it is important to maintain these safeguards, and the auditing practices board ethical standards already recognise the danger in lifting such restrictions. It is not transparent, appropriate or ethical to try and remove restrictions to “increase competition” – in fact more dangerous as it could encourage firms to act in behaviours considered inappropriate.</p>

37.	Do you agree that it would be sensible for the auditor and the audit committee of the local public body to be designated prescribed persons under the Public Interest Disclosure Act? If not, who do you think would be best placed to undertake this role?	<p>It may not be necessary to assign prescribed status to the Audit Committee under the terms of the legislation, in that the Audit Committee members are likely to be perceived as part of the employing organisation; as such, protection would be given as a matter of course. This should be built into organisational procedures, which would recognise that employees may first seek to raise concerns with internal means first. All local authorities are already deemed prescribed persons.</p> <p>It is necessary for people to have appropriate bodies to whom they can securely turn without fear of reprisal or discrimination, and as such it is essential that the appointed, independent external auditor is a prescribed regulator. Auditors appointed by the Audit Commission already act as prescribed regulation, and so the expectation placed upon them under the new legislation is reasonable. There are numerous other prescribed regulators to whom individuals can turn.</p>
38.	Do you agree that we should modernize the right to object to the accounts? If not, why?	We are able to present several examples within Norfolk where vexatious complainants have caused difficulties. As such, we believe it is important to enact the changes suggested.
39.	Is the process set out above the most effective way for modernisation the procedures for objections to accounts? If not, what system would you introduce?	We feel that the word “modernising” is inappropriate in this sense, in that essentially the issue is getting rid of present rights to object to the accounts. We recognise that this could reduce the rights of individuals to challenge local authorities, thus this move may not be seen as transparent, but we do believe this is required.
40.	Do you think it is sensible for auditors to be brought within the remit of the Freedom of Information Act to the extent of their functions as public office holders? If not, why?	We feel it is necessary to trust auditors upon their appointment, and exercise their judgement appropriately, with allowances by the Audit Committee to challenge and review. There has to be an element of trust in the work undertaken. Bringing them under the Fol regime could lead to the auditor being subjected to significant numbers of questions, or vexatious questions, which inevitably would lead to increased audit cost. It seems illogical to remove the right to object to the accounts, and query the auditors, if only then to bring them under Fol?

41.	What will be the impact on (i) the auditor/audited body relationship, and (ii) audit fees by bringing auditors within the remit of the Freedom of Information Act (to the extent of their functions as public office holders only)?	We do not believe FOI should be extended. There may be impacts on audit fees if an auditor receives numerous and/or complex FOI requests which cause it to spend considerable auditor time on them.
42.	Which option provides the most proportionate approach for smaller bodies? What could happen to the fees for smaller bodies under our proposals?	We do not feel that either approach is appropriate, and as set out below, support continuation of the present system, albeit under the national audit office, as the proposals suggested (albeit with a lack of detail on the nature of work to be performed) seem to indicate that audit fees could rise significantly for smaller bodies, which could have a major impact on their ability to deliver benefits to their communities.
43.	Do you think the county or unitary authority should have the role of commissioner for the independent examiners for smaller bodies in their areas? Should this be the section 151 officer, or the full council having regard to advice provided by the audit committee? What additional costs could this mean for county or unitary authorities?	We are in favour of having a similar scheme to that adopted at present for smaller authorities, potentially overseen by the national audit office. We are concerned the proposals are unclear as to the nature of work that should be performed on smaller organisations and how this is beneficial compared to the present regime. We are concerned it is inappropriate for the Council of the County area to be handling such matters, where over 100 parishes in each Council and various other organisations could be affected, and there is a major conflict in that County level authorities could instead determine to undertake the work themselves. We are also concerned this places an additional burden on the County Councils which is simply unnecessary.
44.	<p>What guidance would be required to enable county/ unitary authorities to:</p> <ul style="list-style-type: none"> a) Appoint independent examiners for the smaller bodies in their areas? b) Outline the annual return requirements for independent examiners? <p>Who should produce and maintain this guidance?</p>	Far more information is required as yet on the nature of work that should be performed in undertaking an independent examination, and in particular there should be more focus in the consultation as to the quantity of work to be performed at each stage than on the relative qualifications of the person undertaking that work. Until such clarity is provided, it makes it difficult to determine the guidance that should be given for the appointment of individuals.

45.	Would option 2 ensure that smaller bodies appoint an external examiner, whilst maintaining independence in the appointment?	The only way to ensure smaller bodies have appointed an external examiner is to provide for an organisation to oversee this process. Again, we believe this can only be done by an organisation who has the power to provide sanctions for not having appointed the auditor – which cannot be the County Council (precepts being administered by the District Council). However, it would be ineffective for the Districts to be involved at this stage alone in the process.
46.	Are there other options given the need to ensure independence in the appointments process? How would this work where the smaller body, e.g. a port health authority, straddles more than one county/ unitary authority?	As the example demonstrates, the only effective way to deliver such audits is via an arrangement as established at present. We believe that a body such as the National Audit Office should be in place to oversee the appointment process on an open-market basis.
47.	Is the four-level approach for the scope of the examination too complex? If so, how would you simplify it? Should the threshold for smaller bodies be not more than £6.5m or £500,000? Are there other ways of dealing with small bodies, e.g. a narrower scope of audit?	<p>It is not clear how the thresholds prescribed have been determined, and the present thresholds only establish who should undertake the work, and not the work that should be undertaken. This latter point is critical to understanding how effective or efficient the audit process is. It is not clear why the thresholds given vary from those adopted by the Charities Commission for different stages of independent examination, which may then drive the nature of work performed.</p> <p>The thresholds do seem sensible, however audit judgement should be used when undertaking “larger smaller” body audits. The last point suggested touches on a very significant audit issue which is difficult to reconcile; smaller bodies often pose larger audit risk, and as such there is an argument they should not be subject to reduced audit procedures - however, in doing so, your audit becomes disproportionate to the revenue streams of that organisation. This is perhaps not an issue that should be covered in the present consultation and left for the auditing profession to argue as part of its ongoing work on aligning and reviewing International Auditing Standards.</p>

48.	Does this provide a proportionate, but appropriate method for addressing issues that give cause for concern in the independent examination of smaller bodies? How would this work where the county council is not the precepting authority?	Independent examiners must have the right to issue a report in the public interest, however the approach later suggested regarding appointing an auditor on the notification of the independent examiner seems both inappropriate and disproportionate; the vast majority of smaller body public interest reports are issued through the failure to prepare accounts, and it would not take a separate auditor appointment to issue such a report. As all organisations are required to appoint an independent examiner, matters in the public interest can be raised to them (or the appointing party) to investigate; as is clear, basing sanctions on precepts would not work where the county is the precepting authority, and as such involvement of the relevant district would become inevitable.
49.	Is the process set out above the most appropriate way to deal with issues raised in relation to accounts for smaller bodies? If not, what system would you propose?	The suggestions made seem to give greater powers to citizens than the rights to object on the larger body accounts, which are being removed altogether – this seems contradictory. Nonetheless, as identified above, as an independent examiner has to be appointed, they can receive concerns raised; it should be then a matter of judgement as to whether these are investigated or not (to remove the potential of vexatious complainants). Also as noted above, the independent examiner should have the ability to raise public interest matters, and it is then up to the appointing committee whether they are satisfied with the work performed or then feel additional scrutiny by a professional party is still required. Otherwise, this could be an excessive and over-complicated response.
50.	Does this provide a proportionate but appropriate system of regulation for smaller bodies? If not, how should the audit for this market be regulated?	We have fundamental issues with the structure being proposed, and as such do not feel this is proportionate.
	Other general comments	None