



Report Reference Number: A/20/31

To: Audit and Governance Committee
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Executive Member: Councillor Cliff Lunn, Lead Member for Finance and Resources

Title: Redmond Review Update

Summary:

This report presents an update on the review into oversight of local audit and transparency of local authority reporting, led by Sir Tony Redmond. The review has been considered by Government and they have published their response to the recommendations with a number still requiring further consideration. The key change to be implemented this year concerns the statutory dates and arrangements for publishing draft and audited accounts, with the deadline for the approval of the audited 2020/21 accounts being pushed back to 30 September 2021. This extended date will also apply for the 2021/22 accounts and a further review will be undertaken for 2022/23 onwards.

Recommendation:

Councillors note the Government's response to the recommendations of the Redmond review.

1. Introduction and background

- 1.1 The purpose of the Redmond Review, which was commissioned by the Government, was to test not only the impact of external audit activity in local government but also to look at how it helps to demonstrate public accountability, particularly to service users and council taxpayers - issues which are highly relevant to the work of this committee.
- 1.2 The review, launched in July 2019, examined whether the reporting regimes are robust enough to spot early warning signs, such as risks from commercial investments, to protect public funds and better serve taxpayers.

2. The Report

2.1 A number of detailed recommendations have been put forward in the review, including:

- A review and potential simplification of local authority accounts and a revision to the deadline for publishing the audited accounts from 31 July to 30 September each year;
- A review of the governance arrangements within local authorities by local councils with the purpose of an annual report being submitted to Full Council by the external auditor; consideration being given to the appointment of at least one independent member, suitably qualified, to the Audit Committee; and formalising the facility for the CEO, Monitoring Officer and Chief Financial Officer (CFO) to meet with the Key Audit Partner at least annually;
- And a revision to the current fee structure for local audit to ensure that adequate resources are deployed to meet the full extent of local audit requirements.

2.2 The Government's response sets out how many of the recommendations will be implemented, including swift action to ensure the ongoing effectiveness of the local audit system and improvements to make financial information more transparent. The response includes:

- Temporarily extending the deadline to 30 September for the publication of local authorities' audited accounts to give them more time to address any issues
- Making it easier for Public Sector Audit Appointments, councils and audit firms to agree appropriate fee scales to meet the cost of additional audit work, and
- Working with partner organisations such as The Chartered Institute of Public Finance and Accountancy, The Institute of Chartered Accountants in England and Wales and the Financial Reporting Council to improve the long-term supply of well-trained local auditors
- Requiring councils to produce an easily accessible annual statement of their service costs
- Requiring auditors to present their findings to a Full Council meeting every year, helping councillors and residents better hold councils to account.

2.3 The response highlighted that councils will be required to produce an easily accessible statement of their accounts which will make it easier for taxpayers and service users to hold them to account.

2.4 As part of the response the Government also committed an additional £15 million in 2021-22 to support councils fund the likely increase in audit fees and to produce these annual statements.

- 2.5 In the Government's response, Ministers committed to amending the accounts publication deadline as recommended for 2 years, subject to review.
- 2.6 A number of efficiencies have been identified in the Statement of Accounts process through the earlier accounts timetable, enabling a more effective use of resources – in particular the ability to divert resource into in year financial management and forward planning. As a result, the intention is to continue to produce the draft Statement of Accounts in line with the earlier timetable (31 May).
- 2.7 A number of responses indicate that some recommendations require further consideration and full responses will be provided by Spring 2021 – we await this detail.

3. Legal/Financial Controls and other Policy matters

3.1 Legal Issues

None as a consequence of this report.

3.2 Financial Issues

None as a consequence of this report.

4. Conclusion

- 4.1 Whilst the accounts publication deadline has been extended to 30th September for 2 years, the intention is to continue to produce the draft Statement of Accounts in line with the earlier timetable (31 May) to enable resources to be diverted towards in year financial management and forward planning.

5. Background Documents

- 5.1 <https://www.gov.uk/government/publications/local-authority-financial-reporting-and-external-audit-independent-review>

[Local authority financial reporting and external audit: government response to the Redmond review - GOV.UK \(www.gov.uk\)](#)

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Appendices:

Appendix A: Summary of MHCLG's response to the recommendations made by the Redmond Review