

## AGENDA SUPPLEMENT

### Audit and Governance Committee

- To:** Councillors Pavlovic (Chair), Fisher (Vice-Chair), Mason, D Taylor, Wann, Webb and Lomas
- Date:** Monday, 28 September 2020
- Time:** 5.30 pm
- Venue:** Remote Meeting

The Agenda for the above meeting was published on Friday, 18 September 2020. The attached additional documents are now available for the following agenda item:

**5. Urgent Business** (Pages 1 - 8)

Any other business which the Chair considers urgent under the Local Government Act 1972.

**(i) Results of Independent Review into quality of council audits published: Independent Review by Sir Tony Redmond of local audit and the transparency of local authority financial reporting.**

The Chair of the Committee had accepted this item under 'Urgent Business' as the Sir Tony Redmond Report had very recently been published and may directly affect the Committee and the Council in respect of the auditing of the Council's accounts. It was considered that Members needed to be fully appraised of this at the earliest opportunity.

**(ii) Amendments to the Constitution by the Monitoring Officer**

The Chair of this Committee had accepted this item under 'Urgent Business' to provide assurance that the Council's Constitution is up to date and reflects the new legislation issued in response to the COVID 19 pandemic.

<p>This agenda supplement was published on Thursday, 24 September 2020 at 12:40 pm</p>
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**Audit & Governance Committee****28<sup>th</sup> September 2020**

Report of the Monitoring Officer and s151 Officer

**Results of Independent Review into Quality of Council Audits  
Published: Independent Review by Sir Tony Redmond of local audit  
and the transparency of local authority financial reporting.****Summary**

On 8<sup>th</sup> September 2020, the Government published the results of an independent review into the effectiveness of local authority financial reporting and audit regimes in England. The review was led by Sir Tony Redmond.

The Chair of the Committee had accepted this item as under 'Urgent Business' as the Sir Tony Redmond Report had very recently been published and may directly affect the Committee and the Council in respect of the auditing of the Council's accounts. It was considered that Members needed to be fully appraised of this at the earliest opportunity.

**Background**

In July 2019, Sir Tony Redmond commenced a review to examine whether the reporting regimes in local authority audits are robust enough to spot early warning signs such as risks from commercial investments, to protect public funds and better serve taxpayers. Sir Tony Redmond has made a number of recommendations including:

1. A new body, the Office of Local Audit and Regulation (OLAR), be created to manage, oversee and regulate local audit with the following key responsibilities:

- Procurement of local audit contracts;

- producing annual reports summarising the state of local audit;
- Management of local audit contracts;
- Monitoring and review of local audit performance;
- Determining the code of local audit practice; and
- Regulating the local audit sector.

2. The current roles and responsibilities relating to local audit discharged by the:

- Public Sector Audit Appointments (PSAA);
- Institute of Chartered Accountants in England and Wales (ICAEW);
- FRC/ARGA; and
- The Comptroller and Auditor General (C&AG) to be transferred to the OLAR.

A Liaison Committee be established comprising key stakeholders and chaired by MHCLG, to receive reports from the new regulator on the development of local audit.

3. The governance arrangements within local authorities be reviewed 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.

4. All auditors engaged in local audit be provided with the requisite skills and training to audit a local authority irrespective of seniority.

5. The current fee structure for local audit be revised to ensure that adequate resources are deployed to meet the full extent of local audit requirements.

6. That quality be consistent with the highest standards of audit within the revised fee structure. In cases where there are serious or

persistent breaches of expected quality standards, OLAR has the scope to apply proportionate sanctions.

7. Statute be revised so that audit firms with the requisite capacity, skills and experience are not excluded from bidding for local audit work.
8. External Audit recognises that Internal Audit work can be a key support in appropriate circumstances where consistent with the Code of Audit Practice.
9. The deadline for publishing audited local authority accounts be revisited with a view to extending it to 30 September from 31 July each year.
10. The revised deadline for publication of audited local authority accounts be considered in consultation with NHSI(E) and DHSC, given that audit firms use the same auditors on both Local Government and Health final accounts work.
11. The external auditor be required to present an Annual Audit Report to the first Full Council meeting after 30 September each year, irrespective of whether the accounts have been certified; OLAR to decide the framework for this report.
12. The changes implemented in the 2020 Audit Code of Practice are endorsed; OLAR to undertake a post implementation review to assess whether these changes have led to more effective external audit consideration of financial resilience and value for money matters.

Sir Tony Redmond's report can be found here

[www.gov.uk/government/publications/local-authority-financial-reporting-and-external-audit-independent-review](http://www.gov.uk/government/publications/local-authority-financial-reporting-and-external-audit-independent-review)

## **Implications**

### **Financial**

Not applicable to this report.

### **Human Resources (HR)**

Not applicable to this report.

### **Equalities**

Not applicable to this report.

## Legal

The responsibility for local authority audits and how they are conducted is prescribed by the Local Audit and Accountability Act 2014.

## Crime and Disorder, Information Technology and Property

The Council will utilise recognised ICT platforms for the delivery of remote meetings and live stream meetings via the existing YouTube channel.

## Recommendations

- To note the results of Sir Tony Redmond's of local audit and the transparency of local authority financial reporting; and
- To note that further information will be provided to the Committee and as when it becomes available.

## Author & Chief Officer responsible for the report:

Janie Berry

Director of Governance &  
Monitoring Officer

01904 555385

Report  
Approved



Date 23/092020

## Specialist Implications Officer(s):

Wards Affected:

All X

For further information please contact the author of the report



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**Audit & Governance Committee**

**28<sup>th</sup> September 2020**

Report of the Monitoring Officer

**Amendments to the Constitution by the Monitoring Officer**

**Summary**

In response to the COVID-19 pandemic, the Government has issued Regulations which have implications on the functions of the Council. As such the Monitoring Officer has had cause to effect necessary amendments to the Council's Constitution which are outlined in this report.

The Chair of this Committee had accepted this item under 'Urgent Business' to provide assurance that the Council's Constitution is up to date and reflects the new legislation issued in response to the COVID 19 pandemic.

**Background**

In response to the national COVID-19 pandemic, the Government has issued legislation and Regulations and associated guidance which have resulted in additional responsibilities and service delivery functions being placed on the Council. As a result this has required amendments to the Council's Constitution by including the legislation detailed below within Section 3 of Council's Constitution. Where necessary, relevant Officer Schemes of Delegation have been amended.

Additions to the Constitution Section 3:

- Health Protection (Coronavirus, Restrictions)(England) Regulations 2020 enacted 26 March 2020
- Health Protection (Coronavirus, Restrictions)(No. 2)(England) Regulations 2020 enacted 4 July 2020
- Business and Planning Act 2020 enacted on 17<sup>th</sup> July 2020

- The Health Protection (Coronavirus, Collection of Contact Details etc. and Related Requirements) Regulations 2020 enacted on 17<sup>th</sup> September 2020

## **Implications**

### **Financial**

Not applicable to this report.

### **Human Resources (HR)**

The Council is required to respond to national public health guidance and associated legislative measures at this time.

### **Equalities**

Not applicable to this report but decisions made under the legislative changes to the Constitution as detailed within this report may be the subject of consideration of equalities implications on a case by case basis.

### **Legal**

As detailed within the report.

### **Crime and Disorder, Information Technology and Property**

The Council will utilise recognised ICT platforms for the delivery of remote meetings and live stream meetings via the existing YouTube channel.

## **Recommendations**

To note the Monitoring Officer's amendments to the Council's Constitution.

**Author & Chief Officer responsible for the report:** Janie Berry,  
Director of Governance & Monitoring Officer  
01904 555385



**Report  
Approved**

✓ **Date** 23/092020

**Wards Affected:**

**All X**

**For further information please contact the author of the report**

**Background Papers:**

- City Of York Constitution

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