

Report of the Chief Finance Officer

Redmond Review - Update

Summary

1. This report provides an update on the Government's recently published updated response to Sir Tony Redmond's independent review into the effectiveness of external audit and transparency of financial reporting in local authorities.

Recommendation

2. Audit & Governance Committee are asked to note the report.

Reason: So that the Committee are kept up to date on the progress in delivering the recommendations of the Redmond Review.

Background and analysis

3. In September 2020 the Committee noted the results of an independent review into the effectiveness of external audit and transparency of financial reporting in local authorities and that further information would be provided to the Committee as and when it became available.
4. Government subsequently published a response to the recommendations made by the review in December 2020 and, most recently, in May 2021.
5. The Ministry of Housing, Communities and Local Government (MHCLG) published its response to the findings of the review on 17 December 2020, grouped into five themes:
 - i. Action to support immediate market stability
 - ii. Consideration of system leadership options
 - iii. Enhancing the functioning of local audit and the governance for responding to its findings
 - iv. Improving transparency of local authorities' accounts to the public

- v. Action to consider the functioning of local audit for smaller bodies
- 6. The response confirmed the Government commitment to the principles of locally led audit regimes and that robust local scrutiny and accountability by the press and public are fundamental to the local audit framework.
- 7. To support the implementation of the recommendations the Government will provide £15m additional funding in 2021/22 to meet an anticipated rise in audit fees, driven by new requirement on auditors and to enable Councils to develop standardised statements of service information and costs. We are awaiting confirmation of this funding.
- 8. There has also been a continued extension of the deadline for publishing audited accounts from 31st July to 30th September for a period of 2 years with a commitment to review again to see whether there is a continued need to have this extended deadline.
- 9. A new independent body, the Office of Local Audit and Regulation (OLAR), will be created and be responsible for procurement, contract management, regulation and oversight of external audit. A White Paper has also been published setting out details of how the Government proposes to establish a new regulator, the Audit, Reporting & Governance Authority (ARGA) to replace the Financial Reporting Council (FRC).
- 10. Government will continue to engage with all stakeholders to refine their proposals for implementing the commitments made in response to the Redmond Review.
- 11. Full details of the Government response can be found here

December response

<https://www.gov.uk/government/publications/local-authority-financial-reporting-and-external-audit-government-response-to-the-redmond-review>

May update

<https://www.gov.uk/government/publications/local-authority-financial-reporting-and-external-audit-spring-update>

Consultation

- 12. Not applicable as this report is for information only.

Options

13. Not applicable as this report is for information only.

Council Plan

14. Effective governance, along with the assurances provided by external audit processes, is vital and underpins all of the council's aims and objectives outlined in the Council Plan.

Implications

15. The implications are
- Financial – there are no financial implications to this report.
 - Human Resources - there are no human resource implications to this report.
 - One Planet Council / Equalities - there are no One Planet Council or equality implications to this report.
 - Legal - there are no legal implications to this report.
 - Crime and Disorder - there are no crime and disorder implications to this report.
 - Information Technology - there are no information technology implications to this report.
 - Property –there are no property implications to this report.
 - Other – there are no other implications to this report.

Risk Management

16. There are no specific risks identified as a result of this report.

Contact Details			
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	Report approved	√	Date 04/06/2021
Specialist Implications Officer(s) None			

Wards Affected: <i>List wards or tick box to indicate all</i>	All	<input checked="" type="checkbox"/>
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For further information please contact the author of this report

Background Working Papers

None

Annexes

Not applicable