

Redmond Review – Update

Audit and Governance Committee
10 February 2021

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Background

- Independent review undertaken by Sir Tony Redmond
- Considered the quality of local authority financial reporting and external audit
- Call for views (consultation) issued 17 September 2019
- Direct or indirect interest in local authority audit and financial reporting
- Invited views, information and evidence
- Consultation ended on 20 December 2019
- Sir Tony Redmond's conclusions and recommendations were published in September 2020

Redmond Review Recommendations

- Conclusions and recommendations can be split into 3 main areas that cover:
 - Audit Performance
 - Governance
 - Financial Reporting
- Recommendations made to government
- In part require regulatory or legislative change
- Urgent attention required given the scale and breadth of current concerns about local audit

Redmond Review Recommendations

- **Audit Performance**
 - VFM work and benefit and timing
 - Fees and variations - fees 25-30% too low
 - Quality - limited resource, condensed period
 - Oversight and regulation
- New Single Body – manage, oversee and regulate
- Review eligibility for entrants into the market, fee structure, training requirements, requirement to meet inspectorates
- Extended deadline to September

Redmond Review Recommendations

- **Governance**
 - Capacity and understanding
 - Low/lack of reliance on Internal Audit
 - Lack of clarity/transparency of audit accountability
- Annual report submitted to Full Council
- Appointment of independent, suitably qualified member to committee
- Formalise liaison with statutory officers
- Information sharing with Inspectorates
- Skills and training

Redmond Review Recommendations

- **Financial Reporting**
 - Impenetrable
 - Technical accounting areas (property & pension valuations)
 - Narrative Report variations across Local Government
- New standardised and simplified statement

Government Response

- MHCLG published initial response on 17 December
- Grouped into 5 themes:
 - action to support immediate market stability
 - consideration of system leadership options
 - enhancing the functioning of local audit, and the governance for responding to its findings
 - improving transparency of local authorities' accounts to the public
 - action to further consider the functioning of local audit for smaller bodies

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

Government Response

- **Market stability**
 - Review and reform of regulations
 - Likely increase in fees - £15m will be made available
 - Deadlines likely to change for 2 year period (to September)
 - CIPFA, ICAEW to support market
- **System Leadership**
 - Explore options for new system leadership
 - Full response expected in spring 2021

Government Response

- **Enhancing the functioning of local audit, and the governance for responding to its findings**
 - Agree with annual report to Full Council
 - Agree with auditors meeting statutory officers
 - Agree with appointment of independent member(s) to Audit Committees
 - Agree with the sharing of information with Inspectorates
- **Improving transparency of local authorities' accounts to the public**
 - Explore single standardised statement of service costs
 - Explore options for simplification of accounts
- **Action to further consider the functioning of local audit for smaller bodies not applicable to Wiltshire Council**

Considerations

- Likely extension in audit deadline
- Likely report to Full Council annually by auditors
- Increase in audit fees likely – £50k built into MTFS
- Additional simplified statement likely to be published alongside Council Tax Bills in future years
- Consideration of appointment of independent, suitably qualified Audit & Governance Committee member and whether remuneration is required for such a role