

Classification: Public

Key Decision: No

Gravesham Borough Council

Report to: Finance & Audit Committee

Date: 13 October 2020

Reporting officer: Sarah Parfitt, Director (Corporate Services)

Subject: Independent Review into the Oversight of Local Audit and the Transparency of Local Authority Financial Reporting

Purpose and summary of report:

To inform Members of the publication of the Independent Review into the Oversight of Local Audit and the Transparency of Local Authority Financial Reporting (the Redmond Review) and to summarise the key recommendations made.

Recommendations:

1. This report is for information only.

1. Introduction

- 1.1 On 10 July 2019 James Brokenshire, the then Secretary of State for the Ministry of Housing, Communities and Local Government announced that Government would be instructing an independent review to examine local authority financial reporting and auditing. The review was to be led by the former President of the Chartered Institute of Public Finance & Accountancy (CIPFA), Sir Tony Redmond.
- 1.2 In announcing the review, Mr Brokenshire recognised the importance of a robust local audit system in reinforcing confidence in financial reporting through the provision of assurance and accountability to the public, as well as being a means to help prevent financial and governance failure and promote faith in local democracy. The review intended to determine:
 - Whether the audit and related regulatory framework for local authorities in England is operating in line with the policy intent set out in the Audit & Accountability Act and the related impact assessment;
 - Whether the reforms have improved the effectiveness of the control and governance framework along with the transparency of financial information presented by councils;
 - Whether the current statutory framework for local authority financial reporting supports the transparent disclosure of financial performance and enables users of the accounts to hold local authorities to account.

2. Reporting of Review Findings

- 2.1 Whilst the review was expected to report in March 2020, the document setting out the findings of the review was actually released on 8th September 2020. The full findings of the review can be found at:
<https://www.gov.uk/government/publications/local-authority-financial-reporting-and-external-audit-independent-review>
- 2.2 The review sets out a total of 23 recommendations which are reproduced at Appendix Two to this report for Member information. These principally focus on:
- The creation of a new body, the Office for Local Audit and Regulation (OLAR), to deliver coordinated oversight and regulation of local audit;
 - Enhanced governance arrangements for local councils, including annual reporting to Full Council of local audit outcomes, consideration of independent Audit Committee members and formalising requirements for meetings between the external auditor and key officers involved in governance arrangements of the council;
 - Expanding the pool of audit firms that can bid for local audit work and securing the knowledge, skills and expertise of auditors engaged in local audit;
 - Recognising the role Internal Audit can have in assurance;
 - Reviewing the audit fee structure to ensure this sufficiently recognises current local audit requirements;
 - Changing the date of the current audit deadline from 31 July to 30 September;
 - Clearly defining the scope of audit in assessing the financial resilience and sustainability of a local authority;
 - Increasing transparency of local authority financial reporting for the benefit of the general public.
- 2.3 The Secretary of State for Housing, Communities and Local Government, the Rt Hon Robert Jenrick MP, will now consider the findings and recommendations. Further updates will be brought to this committee in due course.

3. BACKGROUND PAPERS

- 3.1 There are no background papers to this report.

Anyone wishing to inspect background papers should, in the first place, be directed to Committee & Electoral Services who will make the necessary arrangements.

IMPLICATIONS	APPENDIX 1
Legal	N/A
Finance and Value for Money	N/A
Risk Assessment	N/A
Data Protection Impact Assessment	<p data-bbox="416 557 1469 656"><i>A data protection impact assessment (DPIA) should be carried out at the start of any major project involving the use of personal data or if you are making a significant change to an existing process.</i></p> <p data-bbox="416 678 1485 824">a. Does the project/change being recommended through this paper involve the processing of personal data or special category data or criminal offence data? A definition of each type of data can be found on the Information Commissioner’s Office website via the above links.</p> <p data-bbox="416 846 1469 958">b. If yes to question a, have you completed and attached a DPIA including Data Protection Officer advice? N/A</p> <p data-bbox="416 981 1485 1093">c. If no to question b, please seek advice from your nominated DPIA assessor or the Information Governance Team at gdpr@medway.gov.uk. N/A</p>
Equality Impact Assessment	<p data-bbox="416 1122 1501 1267">a. Does the decision being made or recommended through this paper have potential to cause adverse impact or discriminate against different groups in the community? If yes, please explain answer. N/A</p> <p data-bbox="416 1290 1437 1402">b. Does the decision being made or recommended through this paper make a positive contribution to promoting equality? If yes, please explain answer. N/A</p> <p data-bbox="416 1424 1501 1514"><i>In submitting this report, the Chief Officer doing so is confirming that they have given due regard to the equality impacts of the decision being considered, as noted in the table above</i></p>
Corporate Plan	N/A
Climate Change	N/A
Crime and Disorder	N/A
Digital and website implications	N/A
Safeguarding children and vulnerable adults	N/A