

# Cost Management, Benefit Design and Administration Committee

## MEETING OF 11<sup>TH</sup> JANUARY 2021 ITEM 8 PAPER B

### EXTERNAL AUDIT – THE REDMOND REPORT

#### **Background**

In June 2019, MHCLG commissioned Tony Redmond to undertake an independent review of the effectiveness of local audit and the transparency of local authority financial reporting.

The key areas of investigation were accountability and transparency, for example, how are local authorities accountable to service users and taxpayers and how are auditors accountable for the quality of their work; and how easy is it for those same individuals to understand how their local authority has performed and what assurance they can take from external audit work. The report, which can be found at [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/916217/Redmond\\_Review.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/916217/Redmond_Review.pdf), sets out Redmond's conclusions. It makes detailed proposals for a new organisation with the clarity of mission and purpose to act as the system leader for the local audit framework and for a standardised statement of service information and costs, compared to the annual budget, that is aimed at taxpayers and service users.

The report highlighted three main areas of concern :-

- That current local audit arrangements do not meet the policy objectives underpinning the Local Audit and Accountability Act 2014.
- That the external audit market is fragile, and
- That the current system lacks leadership

The report made 23 recommendations the main one being the establishment of a new body, the Office of Local Audit and Regulation (OLAR) 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.

Since the report was published the Communities Secretary at MHCLG has been reported as saying that he has no intention of re-inventing the Audit

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Commission but that the way could be open for an existing body to take on board the responsibilities outlined above.

A copy of the Government's response published on the 17<sup>th</sup> December can be found at <https://www.gov.uk/government/publications/local-authority-financial-reporting-and-external-audit-government-response-to-the-redmond-review/local-authority-financial-reporting-and-external-audit-government-response-to-the-independent-review>.

## **Consideration**

We can rely on CIPFA and, in particular, the CIPFA Pensions Panel on which SAB is represented, to represent the scheme's interest in the Government bringing forward a practical, workable and proportionate response to the recommendations made in the Redmond Report.

**Recommendation – that the committee notes the above position and tasks the Secretariat to keep the committee advised of developments in how the report's recommendations are being taken forward.**

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