

Name of meeting: Corporate Governance and Audit Committee
 23 July 2021

Title of report: Update on the Redmond Review and the Council's
 final accounts for 2020/21

Purpose of report

The report updates Members on the outcome of the Redmond Review and the final accounts and audit processes for 2020/21.

Key Decision - Is it likely to result in spending or saving £250k or more, or to have a significant effect on two or more electoral wards?	Not applicable
Key Decision - Is it in the Council's Forward Plan (key decisions and private reports) ?	No
The Decision - Is it eligible for "call in" by Scrutiny?	No
Date signed off by Strategic Director & name	
Is it also signed off by the Service Director for Finance?	Eamonn Croston 12/7/2021
Is it also signed off by the Service Director – Legal, Governance & Commissioning?	Julie Muscroft 12/7/2021
Cabinet member portfolio- Corporate	Cllr Shabir Pandor Cllr Paul Davies

Electoral wards affected: Not applicable

Ward councillors consulted: Not applicable

Public or private: Public

GDPR: This report contains no information that falls within the scope of General Data Protection Regulations.

1. Summary

The report updates Members on the outcome of the Redmond Review and on the final accounts and audit processes for 2020/21.

Redmond Review:

Sir Tony Redmond was commissioned to undertake an independent review by the Ministry of Housing, Communities and Local Government to assess the effectiveness of Local Audit and the Transparency of Local Authority Financial Reporting. Sir Tony Redmond was an experienced Finance Professional and a former Chairman of the Chartered Institute of Public Finance and Accountancy (CIPFA). The review recognised the various issues that had materialised within the local government audit sector and proposed a number of remedial actions. For context, as at 31 March 2021 116 local authorities had not received an opinion on their 2019/20 accounts.

Final Accounts and Audit Processes for 2020/21:

The preparation of the Statement of Accounts is a statutory requirement and local authorities are normally required to have them signed by the section 151 Officer by 31 May and published with an Audit Certificate by 31 July, following the end of the financial year. However, in a sector-wide response to the consequences of the COVID-19 pandemic and noting the recommendations from the Redmond Review, the statutory deadline for the production of the Unaudited Statement of Accounts for 2020-21 was revised. For the Council the revised deadline is 31 July. The accompanying deadline for the completion of the audit was also amended to 30 September.

Despite the significant challenges to the Council's finance team dealing with multiple competing demands, the team has made significant progress and the draft accounts have been completed and signed by the Council's Service Director - Finance on 9 July 2021.

The six week public inspection period for the draft accounts 2020/21 commenced on 9 July and runs for 6 weeks up to 19 August. The audit of the 2020/21 Statement of Accounts has now commenced.

This Committee is responsible for the approval of the Council's Audited Statement of Accounts and the final version of the Annual Governance Statement once the audit has been completed.

2. Information required to take a decision

Redmond Review:

2.1 The Independent Review into the Oversight of Local Audit and the Transparency of Local Authority Financial Reporting, reported back to the Secretary of State for Housing, Communities and Local Government in September 2020. In total 23 recommendations covering the following areas were made for the Secretary of State to consider:

- External Audit Regulation
- Small Authorities Audit Regulation
- Financial Resilience of local authorities
- Transparency of Financial Reporting

2.2 Following on from this a number of measures were announced in May 2021 namely:

- The Audit, Reporting and Governance Authority (ARGA) – the new regulator being established in 2023 to replace the Financial Reporting Council (FRC) – will be strengthened with new powers over local government audit, protecting public funds and ensuring councils are best serving taxpayers.
- The new regulator, which will contain a standalone local audit unit, will bring all regulatory functions into one place, to better coordinate a new, simplified local audit framework.
- ARGA will continue to act as regulator and carry out audit quality reviews as the FRC does now. It will now also provide annual reports on the state of local audit and take over responsibility for the updated Code of Local Audit Practice – the guidelines councils are required to follow.
- The Public Sector Audit Appointments (PSAA) will continue as the appointing body for local audit, in charge of procurement and contract management for local government auditors.
- In the immediate term, MHCLG will set up and chair a Liaison Committee, which will comprise senior stakeholders across the sector that will oversee the governance of the new audit arrangements and ensure they are operating effectively.

Final Accounts and Audit Processes for 2020/21:

2.3 The Council's draft Annual Governance Statement is to be presented separately on this meeting's agenda and will be incorporated into the Audited Statement of Accounts.

2.4 The COVID pandemic has brought significant challenges to the organisation, and no less so for the Council's finance team. The Council's finance function is managing competing priority demands within a volatile environment, with the added challenges of remote working. The team however is absolutely committed to ensuring continued delivery to all relevant statutory and internal Council planning cycle reporting deadlines.

In prioritising workloads, the team has ensured that the draft accounts are produced in as timely a fashion as possible i.e. as close to the original statutory deadline for the draft accounts, of 31 May, as possible. The rationale for this has been that the team could capitalise on the early year end preparation work pre-COVID, and as well allow our auditors scope to commence aspects of their audit work earlier in the process given the auditor's own logistical and capacity challenges.

The approach taken will also then enable the same finance staff involved in the final accounts process to free up valuable capacity earlier to support the

many and varied other in-year demands and challenges that the finance team are supporting the organisation with.

The draft accounts have been completed and signed by the Council's Service Director - Finance on 9 July, ahead of this years' revised statutory sign off deadline of 31 July 2021 (previously 31 May 2021).

- 2.5 The six week public inspection period for the draft accounts 2020/21 runs from 9 July to 19 August. The audit of the 2020/21 Statement of Accounts is currently in progress.
- 2.6 It is intended that the audited Statement of Accounts are presented to this Committee for approval on 23 September, prior to the 30 September statutory deadline.

3. Implications for the Council

3.1 Working with People

N/A

3.2 Working with Partners

N/A

3.3 Placed based working

N/A

3.4 Climate Change and Air Quality

N/A

3.5 Improving Outcomes for Children

N/A

3.6 Other (e.g. Legal/Financial or Human Resources)

The annual statement of accounts are subject to external validation by appointed auditors to ensure that Council funds are also properly accounted for.

4. Consultees and their opinions

N/A

5. Next steps

It is intended that the Audited Statement of Accounts and Annual Governance Statement are presented to this Committee for approval prior to the 30 September statutory deadline.

6. Officer recommendations and reasons

For Corporate Governance and Audit Committee to:

