

Government publishes response to audit review

- Government publishes response to independent review by Sir Tony Redmond on council financial reporting
- Government commits to measures that will help councils improve transparency and accountability
- An additional £15 million for councils to help them deliver the recommendations

The government has published its [response](#) to the independent review into the effectiveness of local audit which was carried out by Sir Tony Redmond earlier this year.

The review, launched in July 2019, examined whether the reporting regimes are robust enough to spot early warning signs, such as risks from commercial investments, to protect public funds and better serve taxpayers.

The response sets out how we will implement many of the recommendations made by Sir Tony Redmond, including swift action to ensure the ongoing effectiveness of the local audit system and improvements to make financial information more transparent.

In particular, councils will be required to produce an easily accessible statement of their accounts which will make it easier for taxpayers and service users to hold them to account.

An additional £15 million will be provided in 2021-22 to support councils fund the likely increase in audit fees and to produce these annual statements.

Local Government Secretary Robert Jenrick said:

It is vital that there is a robust audit system in place across local government to deliver value for money, accountability and transparency for the taxpayer. We've seen in Croydon and Nottingham the consequences when that isn't the case.

I would like to thank Sir Tony Redmond for his thorough review. It is an important step towards strengthening the local audit regime, and I have announced additional funding today to ensure we can now begin implementing his recommendations.

The government response sets out a number of measures. These include:

- Temporarily extending the deadline to 30 September for the publication of local authorities' audited accounts to give them more time to address any issues

- Making it easier for PSAA, councils and audit firms to agree appropriate fee scales to meet the cost of additional audit work, and
- Working with partner organisations such as CIPFA, the ICAEW and the FRC to improve the long-term supply of well-trained local auditors
- Requiring councils to produce an easily accessible annual statement of their service costs.
- Requiring auditors to present their findings to a Full Council meeting every year, helping councillors and residents better hold councils to account.

A call for evidence was opened last year seeking views from practitioners who work in the local government sector, the audit community, representative bodies and other relevant or interested parties.

Councils in England are responsible for 22% of total UK public sector expenditure.

The responsibilities for local authority audits and how they are conducted is set out within the Local Audit and Accountability Act 2014.

The 2014 Act gave effect to government manifesto commitments to abolish the Audit Commission and its centralised performance and inspection regimes and put in place a new localised audit regime, refocussing local accountability on improved transparency.

The abolition of the Commission centralised audit regime and its top down inspection was estimated to save taxpayers £1.2 billion over 10 years.