

## ASSEMBLY

Wednesday 1 March 2023

<b>Title:</b> Audit and Standards Committee Annual Report 2021-22	
<b>Report of the Chair of the Audit and Standards Committee</b>	
<b>Open Report</b>	<b>For Information</b>
<b>Wards Affected:</b> All	<b>Key Decision:</b> No
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<b>Accountable Director:</b> Philip Gregory, Chief Financial Officer	
<b>Summary</b>  Local government is one of the tightly regulated and most transparent parts of the public sector. As democratically elected bodies, councils have a duty to ensure good governance, of doing the right things at the right time and to be seen to be spending public money well and wisely and to ensure that councillors are beyond reproach in their conduct.  This report outlines the work of the Audit and Standards Committee the 2021/22 municipal year and how it has sought to achieve its objectives.	
<b>Recommendation</b>  The Assembly is asked to note the report.	
<b>Reason(s)</b>  It is good practice for the Assembly to be updated on the work of the Audit and Standards Committee for the previous municipal year.	

### 1. Introduction and Background

- 1.1 In 2020, the Redmond Review recommended that External Auditors submit a report to the Assembly. The Audit and Standards Committee agreed, as part of the recommendation to provide an annual report to the Assembly on the Committee's activities during the previous municipal year, in addition to the External Auditors Report, to provide members with a wider overview of Audit and Standards related issues.
- 1.2 This is the second report of the Audit and Standards Committee. This report was due to be presented to the Assembly September/October 2022 with the Audit Completion

Report for the 2019/20 fiscal year. Unfortunately, the External Auditors Report has been delayed and will now be presented to the Committee in May 2023.

### **3. Financial Implications**

There are no direct financial implications for this report.

### **4. Legal Implications**

Implications completed by: Dr Paul Feild, Principal Governance Solicitor

- 4.1 The Local Audit and Accountability Act 2014 requires that the Council as a relevant body must have its accounts audited. The procedure is set out in the Accounts and Audit Regulations 2015 (the 'Regulations'). Regulation 9 sets out a timetable and requires certification by the Council's responsible finance officer of the statement and then consideration by a committee to consider the statement and approve by resolution.
- 4.2 There remains a substantial concern that local audit needs revision. The Local Accountability and Audit Act 2014 abolished the Audit Commission. But historically local government was subject to external supervision with the district auditor which gave objectivity. As mentioned last year the Redmond Review on local government audit. He found that the local audit market was "very fragile". In particular, he found that oversight of local audit was fragmented as "none of the six entities with responsibility for the different elements of the framework has a statutory responsibility, either to act as a system leader or to make sure that the framework operates in a joined-up and coherent manner." The Government responded with a White Paper in March 2021. It agreed with Redmond that "a clearly accountable system leader with overarching responsibility is needed to make sure the local audit framework operates in a coherent and joined up manner". It would establish the Audit, Reporting and Governance Authority (ARGA) (which will encompass all audit private and public) and within it a standalone unit to oversee local audit, including the Code of Local Audit Practice, which is currently the responsibility of the National Audit Office. At time of writing ARGA has not yet started functioning. Sadly, the picture is that only 12% of local government audits for 2021-22 were completed by the end of November, according to figures published 9 Dec 2022 by Public Sector Audit Appointments.
- 4.3 The reason this delay is so serious, is due to the role the local auditor plays in governance as there is a duty to report to full Council matters the Auditor might discover during the audit which should be reported in the public interest or alternatively make recommendations. Clearly if the Audit is delayed then matters which might require intervention particularly by the three statutory governance officers of Head of the Paid Service, Chief Finance Officer and the Monitoring Officer may go on unchecked for far longer.

**Public Background Papers Used in the Preparation of the Report: None**

**List of Appendices:**

- **Appendix 1 - Audit and Standards Annual Report 2021-2022**