

EAST SUSSEX FIRE AUTHORITY

Panel Scrutiny & Audit

Date 29 April 2021

Title of Report Redmond Review Working Group Update

By Ellie Simpkin, Democratic Services Officer

Lead Officer Duncan Savage, Assistant Director Resources / Treasurer

Background Papers Scrutiny & Audit Panel 12 November 2020 – Redmond Review Report
Minutes of the Scrutiny & Audit Panel held on 12 November 2020

Appendices None

Implications

CORPORATE RISK		LEGAL	✓
ENVIRONMENTAL		POLICY	
FINANCIAL	✓	POLITICAL	
HEALTH & SAFETY		OTHER (please specify)	
HUMAN RESOURCES		CORE BRIEF	
EQUALITY IMPACT ASSESSMENT			

PURPOSE OF REPORT: To update the Panel on the outcome of the first meeting of Redmond Review Working Group.

EXECUTIVE SUMMARY: At its meeting on 12 November 2020 the Scrutiny & Audit Panel agreed to establish a Member working group to consider the recommendations arising from the Government commissioned independent review into the effectiveness of local audit and the transparency of local financial reporting which had been conducted by Sir Tony Redmond and published in September 2020 (the Redmond Review). The Group would track national developments and advise the Panel on the suggested local response to the Redmond Review report recommendations. Councillors Lambert and Scott agreed to join the Scrutiny & Audit Panel Chairman to form the Working Group.

The Working Group held its first meeting on 10 March 2021. A summary of discussion and actions is provided in this report.

RECOMMENDATION: The Panel is invited to consider the Redmond Review Working Group update and actions listed at paragraph 2.1 of the report.

1. Redmond Review Working Group Meeting – 10 March 2021

- 1.1. On 10 March 2021 the Working Group met with the Assistant Director Resources/Treasurer (ADR/T) and Helen Thompson from EY for an initial discussion on how the Fire Authority should respond to and progress the recommendations arising from the Redmond Review.
- 1.2 The Ministry of Housing, Communities and Local Government (MHCLG) response to recommendations had been circulated to the Group in advance of the meeting and it was noted that external bodies such as Public Sector Audit Appointments (PSAA) and the Chartered Institute of Public Finance and Accountancy (CIPFA) had also published their responses. The Group noted that some recommendations required external action or applied only to relevant bodies and therefore consideration needed to be given to actions which could be taken to pro-actively to address those recommendations which were specifically relevant to the Authority.
- 1.2 The Group noted that EY welcomed the Redmond Review report insofar that it surfaced issues surrounding a disconnect with the market, however, there was disappointment that MHCLG was not going far enough to deal with issues of the fragmented regulation.
- 1.3 Discussion was had over the approach to audits of local authorities which chose to invest in commercial activities and how the valuation of pension and property did not affect the bottom line of public bodies in the same way as it would for the private sector. The ADR/T agreed that there were additional risks around commercial activity in some local authorities which could be dealt with through the current approach whereby the external auditor identified additional risks as part of the audit plan and levied additional fees to reflect the additional audit work required. EY added that regulations did not differentiate between public and private audits, although the implications of such as property values were different; this was an example of the disconnect between regulatory requirements and the market. Members commented that authorities such as ESFRS should be a relatively simple audit and regulations needed to take into account the context.

2. Actions

- 2.1 The Group discussed the following matters arising from the Redmond Review recommendations and agreed on the relevant local actions:

<u>Reporting</u> (Redmond Review Recommendation 4)	<u>Action</u>
Annual report of external auditor was currently submitted to S&A Panel. Reporting to full Fire Authority would be a relatively simple action, however Members questions what this would achieve and were conscious to not 'clutter' the FA agenda. Members agreed that a report should not	<ul style="list-style-type: none">• Recommendation to be added to annual audit report to S&A inviting Panel to consider whether any matters should be referred to full FA.

<p>be made to full FA but that any exceptions or issues of importance should be referred to full FA by S&A Panel on a case-by-case basis.</p>	<ul style="list-style-type: none"> • Terms of Reference of S&A Panel to be reviewed to ensure they are explicit in relation to the ability to refer matters to full FA.
<p><u>Independent Member</u> (Redmond Review Recommendation 4)</p> <p>It was agreed in order for an independent member to be effective it was important that the right member was recruited for the right reasons. Consideration needed to be given to the time/cost of recruitment and payment of an allowance. EY added that in their experience independent members were not common practice.</p>	<p><u>Action</u></p> <ul style="list-style-type: none"> • Skills audit to be carried out with S&A Panel Members post-elections. Revisit whether an independent member would be helpful to fulfil any skills gaps.
<p><u>Meeting with Audit Partner</u> (Redmond Review Recommendation 4)</p> <p>It was noted that regular meetings between the CFO, ADR/T and EY already took place. The Chairman had the ability to meet independently with audit partners without officers present should they feel it necessary.</p>	<p><u>Action</u></p> <p>None required.</p>
<p><u>Training</u></p> <p>The ADR/T highlighted plans to carry out a best practice/skills audit with S&A Panel Members which would identify any training needs</p> <p>Members agreed that it would be helpful to have all Member training on the accounts (as part of a Members' Seminar or a virtual session). EY was happy to input into the session.</p>	<p><u>Action</u></p> <ul style="list-style-type: none"> • A specific induction session for new S&A Panel Members to be held post-elections. • Skills audit of S&A Panel undertaken post-elections to identify any additional training needs. • Consideration to be given to whether training for S&A members could be made compulsory. • All Member training session on accounts to be arranged (with input from EY).
<p><u>Accessibility of Accounts</u></p> <p>It was noted that the format of accounts was a matter for CIPFA. It was agreed that there could be improvements made and there were benefits to presenting the accounts in a way that linked with performance and gave a better picture of the 'health' of the authority. Government/CIPFA action on this matter would be welcomed.</p>	<p><u>Action</u></p> <p>None required at this time.</p>

3. **Next Meeting**

- 3.1 The Group agreed to reconvene after the May elections to receive an update on progress with the above listed actions and continue to track and monitor the response to the Redmond Review recommendations.