

# **Redmond Review of Local Authority Financial Reporting and Audit Overview**

## **1.0 Background**

Sir Tony Redmond carried out a review into the arrangements in place to support the transparency and quality of local authority financial reporting and external audit in England. The objectives of the review were as follows:

- Whether the audit and related regulatory framework for local authorities in England is operating in line with the policy intent set out in the Act and the related impact assessment;
- Whether the reforms have improved the effectiveness of the control and governance framework along with the transparency of financial information presented by councils;
- Whether the current statutory framework for local authority financial reporting supports the transparent disclosure of financial performance and enables users of the accounts to hold local authorities to account; and
- To make recommendations on how far the process, products and framework may need to improve and evolve to meet the needs of local residents and local taxpayers, and the wider public interest.

## **2.0 Outcome**

On 8 September 2020 the Government published the results of an independent review, led by Sir Tony Redmond, into the effectiveness of local authority financial reporting and audit. Local authority accounts are complex and the Review highlights a number of potential weaknesses with the current local audit framework and makes recommendations to address these. This briefing note summarises the key findings and recommendations within the report, as well as implications for the Council.

## **3.0 Key Findings**

The review identified a number of key issues with local audit, including:

- An ineffective balance between price and quality with 40% of audits in 2018/19 failing to meet required reporting deadlines in part due to under-resourcing and lack of experienced staff;
- A lack of coordination and regulation of audit activity leading to serious concerns regarding effectiveness of local audit;
- Outcomes not always being effectively presented to the local authority and public leading to ineffective consideration and challenge; and
- The technical complexity of statutory accounts limiting public understanding.

## **4.0 Recommendations**

The statutory framework within which local authority audits are conducted is set out in the Local Audit and Accountability Act 2014 and the Accounts and Audit Regulations 2015. Both primary and secondary legislation would be required in order to implement the recommendations of the Redmond Review in relation to financial reporting and the audit regime. 23 recommendations were made, with the key ones outlined below:

### **4.1 External Audit Regulation and Oversight**

- The creation of an Office of Local Audit Regulation to procure, manage and regulate external audits. Some of the existing regulatory responsibilities, which currently sit with other bodies, to transfer to the new body.
- Revisions to the current fee structure for external audits to ensure adequate resources are deployed.
- Additional skills training for those involved in local audits and the amendment of statute to allow audit firms with the requisite capacity, skills and experience to bid for local audit work.
- The deadline for publication of audited local authority accounts be considered in consultation with the NHS, with a view to extending the deadline from 31 July to 30 September.

### **4.2 Financial Reporting**

- A simplified and standardised financial statement of service information and costs be made available to the public to allow comparison with the annual budget and council tax. This new statement would be prepared in addition to the statutory accounts and would be subject to audit.
- CIPFA/LASAAC to look again at the composition of the statutory accounts to see if improvements can be made to simplify their presentation and enhance their usefulness and understandability.

### **4.3 Governance**

- The composition of audit committees be examined to ensure they have the required knowledge and expertise. Consideration should be given to the appointment of at least one suitably qualified, independent member to support elected representatives in scrutinising local authority finances.
- To demonstrate transparency and accountability, external audit would be required to submit an annual report to the first full council meeting after 30 September each year, irrespective of whether the financial accounts have been certified.

- A formal requirement for statutory officers (Chief Executive, Monitoring Officer and Section 151 Officer) to meet, at least annually, with the Key Audit Partner.

#### **4.4 Financial Resilience and Sustainability**

- The current framework for seeking assurance on financial sustainability is reviewed by MHCLG to help address the gap between stakeholder expectations and what the auditor is required to do.
- The sharing of key concerns relating to service and financial viability, between local auditors and inspectorates, prior to completion of the external auditor's report.
- In addition, an update to the NAO's Code of Audit Practice that will be applicable from 2020/21 will require auditors to provide a narrative statement on the arrangements an authority has in place to secure value for money.

#### **5.0 Conclusions and implications for the Council**

Recommendations will now be considered by relevant bodies. A number of recommendations require primary legislation to be in place, after which the timescale for implementation will be clearer. It is expected that a number of recommendations will be in place for the audit of the 2021-22 accounts, at least in part.

Assuming that the recommendations are implemented, key implications for the Council will include:

- A likely increase in audit fees; with evidence suggesting audit fees collectively are at least 25% lower than required to fulfil current local audit requirements effectively.
- The requirement for the auditor to present an annual report to Full Council.
- (Continuation of) the appointment of at least one suitably qualified independent member to Audit Committee.
- An additional requirement to produce a standardised statement of service information and costs.
- A revised timetable, with a change in the reporting deadline from 31 July to 30 September.

Some of the recommendations made by other reviews on audit reform, e.g. Kingman and Brydon reviews, may also be relevant to the future of local audit and legislation to implement these is pending.

#### **Background papers:**

<https://www.gov.uk/government/publications/local-authority-financial-reporting-and-external-auditindependent-review>

## **6.0 Ministry of Housing, Communities and Local Government Response**

The Ministry of Housing, Communities and Local Government (MHCLG) published its response to the findings of the review on 17 December 2020, grouped into five themes:

1. Action to support immediate market stability
2. Consideration of system leadership options
3. Enhancing the functioning of local audit and the governance for responding to its findings
4. Improving transparency of local authorities' accounts to the public
5. Action to consider the functioning of local audit for smaller bodies

This briefing provides a high-level summary of the response.

### **6.1 Action to support immediate market stability**

*Recommendation 6 – current fee structure to be revised*

- MHCLG to consult/review regulations to allow appointing person greater flexibility to set additional fees where additional work is identified.
- Local Authorities to receive £15m in additional funding in 2021/22 to meet rise in audit fees/new audit requirements (allocations to be confirmed).

*Recommendations 10 and 11 – deadline to be extended from 31 July to 30 September*

- Proposed extension of deadline to 30 September for two-year period (covering 2020/21 and 2021/22).

*Recommendations 5 and 8 – audit firms to be appropriately skilled/other firms able to bid for local audit work*

- MHCLG to continue to review/consider in context of 2019 Brydon Review, and will work with the accounting bodies to consider training and development needs across audit sector.

### **6.2 Consideration of system leadership options**

*Recommendations 1, 2, 3, 7, 13 and 17 – establishment of new independent regulator for local audit (Office of Local Audit and Regulation – OLAR)*

- MHCLG to consider alternative options, noting “We do not wish to recreate the costly, bureaucratic and over-centralised Audit Commission”

### **6.3 Enhancing the functioning of local audit and the governance for responding to its findings**

*Recommendations 4, 9, 10, 11, 12 and 18 – governance arrangements, work of Internal Audit, sharing reports with external stakeholders*

- The department “strongly agrees” with Redmond recommendation that the external auditor should be required to present an Annual Report to a Full Council meeting as “important opportunity for potential risks or concerns to be escalated

in a timely way". MHCLG to explore how this can be achieved and consider enshrining in statute.

- MHCLG to work with relevant bodies to provide new guidance to address Redmond recommendations regarding meetings between Chief Officers and external audit and the appointment of independent member to Audit Committee.
- MHCLG to support the sharing of information between inspectorates and external audit and strengthening engagement between external and internal audit.

#### **6.4 Improving transparency of local authorities' accounts to the public**

*Recommendations 19, 20, 21 and 22 – standardised statement of service information and costs presented alongside Statutory Accounts, subject to audit, Chartered Institute Public Finance & Accountancy (CIPFA) Local Authority (Scotland) Accounts Advisory Committee (LASAAC) to consider removal of disclosures to simplify accounts*

- The department agrees that audited standardised statement of service information and costs is required – should be short and accessible (1/2 pages) and should be communicated to all taxpayers and service users.
- Standardised statements to be required in 2021/22 – additional funding will be made available to enable LAs to prepare – allocations to be confirmed.
- MHCLG to work with CIPFA/LASAAC to consider scope to simplify accounts by removing disclosures – earliest this could be achieved is 2022/33 accounts – therefore changes may need phased approach.

#### **6.5 Action to consider the functioning of local audit for smaller bodies**

Not relevant for Mid Devon District Council.

#### **Background papers:**

[Local authority financial reporting and external audit: government response to the independent review - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/consultations/local-authority-financial-reporting-and-external-audit-gov-uk-response-to-the-independent-review)

#### **7.0 Redmond Review into Local Audit - Spring Update Report**

On 19 May 2021 MHCLG published an update report. The report provides an update on progress implementing the Government's response to the Redmond Review, including on the delivery of measures to support immediate market stability and towards implementation of Sir Tony's other recommendations.

The Government announced a new standalone unit will be established within the proposed new regulator, Audit, Reporting and Governance Authority (ARGA), which will replace the Financial Reporting Council (FRC). It will have overarching responsibility to make sure the local audit framework operates in a coherent and joined up manner. Forums will be created to enable engagement directly with both local bodies and audit firms to ensure that local audits are focused on areas of most risk to local bodies, and that firms have a clear understanding of priorities for the sector, and are able to escalate issues and concerns where necessary.

Alongside, the Code of Audit Practice will transfer from the National Audit Office to ARGA and PSAA will be reconfirmed as the procurement lead and be responsible for

setting scales of fees for relevant principal authorities that have chosen to opt into its national scheme, supported commercially by MHCLG, who will also set up and chair the Liaison Committee of key stakeholders in the interim while ARGA is established. The Liaison Committee will receive reports from the new regulator (ARGA) on the development of local audit, potentially based upon reports previously prepared by PSAA which included detail on the number of audits completed by the statutory deadline and the number of qualified financial audit and value for money opinions, with the latter categorised by theme. It also listed all Public Interest Reports, Statutory Recommendations and Advisory Notices issued in the preceding year. It will also be the forum to consider the procurement strategy at key stages in its development.

ARGA will look at whether there are opportunities to reduce some of the accounting and audit requirements where these relate to areas of less risk to local bodies. The intention would be to ensure that local authority accounts and the statutory audit are proportionate, noting that they need to be consolidated into the Whole of Government Accounts, prepared in accordance with International Financial reporting Standards, and meeting the necessary standards of reporting and scrutiny. In the interim MHCLG will work with the CIPFA, CIPFA/LASAAC, the FRC, NAO, HMT, the Financial Reporting Advisory Board and others to look at opportunities to address these issues around accounting and audit requirements at pace, including through modifications to the Accounting Code.

## **8.0 Next Steps**

MHCLG will work closely with stakeholders, including local bodies and audit firms, to refine our proposals for implementing our commitments around system leadership, as well the range of other commitments we have made in response to the Redmond Review, ahead of publishing a public consultation on the proposals in advance of summer recess.

**Annex A** provides a summary of the Government's responses to date to the 23 recommendations.

Contact for more information: Paul Deal, Corporate Manager for Finance (pdeal@middevon.gov.uk)

## Annex A: Table of recommendations outlining our response and our progress implementing them

### Action to support immediate market stability (recommendations 5, 6, 8, 10, 11)

Recommendation	December MHCLG Response	Progress update
5. All auditors engaged in local audit be provided with the requisite skills and training to audit a local authority irrespective of seniority.	<b>Accept;</b> we will work with the ICAEW, CIPFA and FRC to deliver this recommendation	<b>In progress.</b> <ul style="list-style-type: none"><li>• We committed to working with stakeholders, including the ICAEW, CIPFA and FRC, to deliver this recommendation. We have established a working group to deliver this recommendation, which is currently considering proposals to deliver it and we will provide an update ahead of summer recess.</li></ul>
6. The current fee structure for local audit be revised to ensure that adequate resources are deployed to meet the full extent of local audit requirements.	<b>Accept</b>	<b>In progress.</b> <ul style="list-style-type: none"><li>• We are currently consulting on proposals to make amendments to The Local Audit (Appointing Person) Regulations 2015 that will, subject to stakeholders' views, provide Public Sector Audit Appointments Ltd (PSAA) (the bulk audit services procurement body) with more flexibility to agree fees that more closely match the actual costs of audit.</li><li>• We are providing £15 million to principal bodies, both to help support affected bodies to meet the anticipated increase in audit fee costs in 21/22 and to support with new burdens relating to implementing Redmond's recommendations. We are currently seeking views via public consultation on the methodology for distributing this funding in the fairest way and our intention is to confirm individual allocations as soon as possible after the consultation closes on 18 May.</li><li>• We have reconfirmed PSAA Ltd as the appointing body ahead of the next procurement, and will work closely with them, as well as other stakeholders, to ensure alignment in objectives between the procurement and the wider local audit system.</li></ul>
8. Statute be revised so that audit firms with the requisite capacity, skills and experience are not excluded from bidding for local audit work.	<b>Part accept;</b> we will work with the FRC and ICAEW to deliver this recommendation, including whether changes to statute are required	<b>In progress.</b> <ul style="list-style-type: none"><li>• We committed to working with stakeholders, including the ICAEW and FRC, to deliver this recommendation. We have established a working group to deliver this recommendation, which is currently considering proposals to deliver it and we will provide an update ahead of summer recess.</li><li>• This includes reviewing guidance relating to the entry criteria for key audit partners (KAPs).</li></ul>

**Recommendation****December MHCLG  
Response****Progress update**

---

10. The deadline for publishing audited local authority accounts be revisited with a view to extending it to 30 September from 31 July each year.

**Part accept;** we will look to extend the deadline to 30 September for publishing audited local authority accounts for two years, and then review

**Delivered.**

- Regulations extending the audit publication deadline to 30 September for 2 years came into force on 31 March 2021.
- At the end of this period we will review whether there is a continued need to have an extended deadline.

---

11. The revised deadline for publication of audited local authority accounts be considered in consultation with NHSE/I and DHSC, given that audit firms use the same auditors on both Local Government and Health final accounts work.

**Accept****Delivered.**

- Regulations extending the audit publication deadline to 30 September for 2 years came into force on 31 March 2021.
  - At the end of this period we will review whether there is a continued need to have an extended deadline.
-



## Consideration of system leadership options (recommendations 1, 2, 3, 7, 13, 17)

Recommendation	December MHCLG Response	Progress update
<p>1. A new body, the Office of Local Audit and Regulation (OLAR), be created to manage, oversee and regulate local audit with the following key responsibilities:</p> <ul style="list-style-type: none"> <li>• procurement of local audit contracts;</li> <li>• producing annual reports summarising the state of local audit;</li> <li>• management of local audit contracts;</li> <li>• monitoring and review of local audit performance;</li> <li>• determining the code of local audit practice; and</li> <li>• regulating the local audit sector.</li> </ul> <p>2. The current roles and responsibilities relating to local audit discharged by the:</p> <ul style="list-style-type: none"> <li>• Public Sector Audit Appointments (PSAA);</li> <li>• Institute of Chartered Accountants in England and Wales (ICAEW);</li> <li>• FRC/ARGA; and</li> <li>• The Comptroller and Auditor General (C&amp;AG) to be transferred to the OLAR.</li> </ul>	<p><b>We are considering these recommendations further</b> and will make a full response by spring 2021</p>	<p><b>Part accept;</b></p> <ul style="list-style-type: none"> <li>• We accept the need for a single organisation to have responsibility for leadership of the local audit system, including oversight of the quality framework and encouraging competition in the local audit market.</li> <li>• We accept that this requires a single body to have responsibility for: <ul style="list-style-type: none"> <li>o Producing annual reports summarising the state of local audit;</li> <li>o Monitoring and review of local audit performance;</li> <li>o Determining the code of local audit practice; and</li> <li>o Regulating the local audit sector.</li> </ul> </li> <li>• We do not accept that a new body needs to be created to undertake these functions, and think that these functions, as well as an overarching responsibility for system leadership and encouraging competition in the local audit market, should be undertaken by the Audit, Reporting and Governance Authority (ARGA), set to be established to replace the Financial Reporting Council.</li> <li>• We do not accept that this body should also have responsibility for procurement and management of local audit contracts, and think that these should functions should continue to be undertaken by PSAA.</li> <li>• We will work with stakeholders to refine these proposals ahead of a public consultation before summer recess.</li> </ul>
<p>3. A Liaison Committee be established comprising key stakeholders and chaired by MHCLG, to receive reports from the new regulator on the development of local audit.</p>	<p><b>We are considering these recommendations further</b> and will make a full response by spring 2021</p>	<p><b>Part accept;</b> we will establish this new Liaison Committee, but think that this should be chaired by ARGA as the ‘system leader’ once the new arrangements our established. MHCLG will chair this in the intervening period.</p>
<p>7. That quality be consistent with the highest standards of audit within the revised fee structure. In cases where there are serious or persistent breaches of expected quality standards, OLAR has the scope to apply proportionate sanctions.</p>	<p><b>We are considering these recommendations further</b> and will make a full response by spring 2021</p>	<p><b>Part accept;</b> we will work with stakeholders to consider whether additional sanction powers beyond the audit enforcement procedures that ARGA will already have are necessary.</p>

Recommendation	December MHCLG Response	Progress update
<p>13. The changes implemented in the 2020 Audit Code of Practice are endorsed; OLAR to undertake a post implementation review to assess whether these changes have led to more effective external audit consideration of financial resilience and value for money matters.</p>	<p><b>We are considering these recommendations further</b> and will make a full response by spring 2021</p>	<p><b>Accept;</b> we have endorsed the changes to the 2020 Audit Code of Practice, and will look to ARGA to undertake a post implementation review to assess whether these changes have led to more effective external audit consideration of financial resilience and value for money matters in due course.</p>
<p>17. MHCLG reviews its current framework for seeking assurance that financial sustainability in each local authority in England is maintained.</p>	<p><b>We are considering these recommendations further</b> and will make a full response by spring 2021</p>	<p><b>Accept;</b> MHCLG carries out a range of assurance activity, drawing on local authority data and financial metrics and soft intelligence from engagement with the sector. The Department has undertaken additional data collection in 2020-21 to provide government with robust data on local financial pressures in the context of the Covid-19 pandemic, and has also implemented a consistent process to engage with local authorities facing financial challenges and, where appropriate, provide exceptional financial support.</p>

## Enhancing the functioning of local audit, and the governance for responding to its findings (recommendations 4, 9, 12, 18)

Recommendation	December MHCLG Response	Progress update
<p>4. The governance arrangements within local authorities be reviewed by local councils with the purpose of:</p> <ul style="list-style-type: none"><li>• an annual report being submitted to Full Council by the external auditor;</li><li>• consideration being given to the appointment of at least one independent member, suitably qualified, to the Audit Committee; and</li><li>• formalising the facility for the CEO, Monitoring Officer and Chief Financial Officer (CFO) to meet with the Key Audit Partner at least annually.</li></ul>	<p><b>Accept;</b> we will work with the LGA, NAO and CIPFA to deliver this recommendation</p>	<p><b>In progress.</b></p> <ul style="list-style-type: none"><li>• We committed to working with stakeholders, including the LGA, NAO and CIPFA, to deliver this recommendation. We have established a working group to deliver this recommendation, which is currently considering proposals to deliver it and we will provide an update ahead of summer recess.</li><li>• This includes consideration of new guidance developed with the stakeholders listed above, as well as the ICAEW and PSAA Ltd, and local bodies and audit firms.</li></ul>
<p>9. External Audit recognises that Internal Audit work can be a key support in appropriate circumstances where consistent with the Code of Audit Practice.</p>	<p><b>Accept;</b> we will work with the NAO and CIPFA to deliver this recommendation</p>	<p><b>In progress.</b></p> <ul style="list-style-type: none"><li>• We committed to working with stakeholders, including the LGA, NAO and CIPFA, to deliver this recommendation. We have established a working group to deliver this recommendation, which is currently considering proposals to deliver it and we will provide an update ahead of summer recess.</li><li>• This includes consideration of new guidance developed with the stakeholders listed above, as well as the ICAEW and PSAA Ltd, and local bodies and audit firms.</li></ul>
<p>12. The external auditor be required to present an Annual Audit Report to the first Full Council meeting after 30 September each year, irrespective of whether the accounts have been certified; OLAR to decide the framework for this report.</p>	<p><b>Accept;</b> we will work with the LGA, NAO and CIPFA to deliver this recommendation, including whether changes to statute are required</p>	<p><b>In progress.</b></p> <ul style="list-style-type: none"><li>• We committed to working with stakeholders, including the LGA, NAO and CIPFA, to deliver this recommendation. We have established a working group to deliver this recommendation, which is currently considering proposals to deliver it and we will provide an update ahead of summer recess.</li><li>• This includes consideration of new guidance developed with the stakeholders listed above, as well as the ICAEW and PSAA Ltd, and local bodies and audit firms.</li></ul>

**Recommendation****December MHCLG  
Response****Progress update**

---

**18.** Key concerns relating to service and financial viability be shared between Local Auditors and Inspectorates including Ofsted, Care Quality Commission and HMICFRS prior to completion of the external auditor's Annual Report.

**Accept;** we will work with other departments and the NAO to deliver this recommendation

**In progress.**

- We committed to working with stakeholders, including the LGA, NAO and CIPFA, to deliver this recommendation. We have established a working group to deliver this recommendation, which is currently considering proposals to deliver it and we will provide an update ahead of summer recess.
  - This includes consideration of new guidance developed with the stakeholders listed above, as well as the ICAEW and PSAA Ltd, and local bodies and audit firms.
-

## Improving transparency of local authorities' accounts to the public (recommendations 19, 20, 21, 22)

Recommendation	December MHCLG Response	Progress update
<p><b>19.</b> A standardised statement of service information and costs be prepared by each authority and be compared with the budget agreed to support the council tax/precept/levy and presented alongside the statutory accounts.</p>	<p><b>Accept;</b> we will work with CIPFA to deliver this recommendation</p>	<p>In progress.</p> <ul style="list-style-type: none"><li>• We are currently working with CIPFA to deliver this recommendation. We are taking time to consider how it should work, as it is important that it is of value for taxpayers.</li></ul>
<p><b>20.</b> The standardised statement should be subject to external audit.</p>	<p><b>Accept;</b> we will work with CIPFA and the NAO to deliver this recommendation</p>	<p>In progress.</p> <ul style="list-style-type: none"><li>• We are currently working with CIPFA to deliver this recommendation. We are taking time to consider how it should work, as it is important that it is of value for taxpayers.</li></ul>
<p><b>21.</b> The optimum means of communicating such information to council taxpayers/service users be considered by each local authority to ensure access for all sections of the communities.</p>	<p><b>Accept;</b> we will work with the LGA and CIPFA to deliver this recommendation</p>	<p>In progress.</p> <ul style="list-style-type: none"><li>• We are currently working with CIPFA to deliver this recommendation. We are taking time to consider how it should work, as it is important that it is of value for taxpayers.</li></ul>
<p><b>22.</b> CIPFA/LASAAC be required to review the statutory accounts, in the light of the new requirement to prepare the standardised statement, to determine whether there is scope to simplify the presentation of local authority accounts by removing disclosures that may no longer be considered to be necessary.</p>	<p><b>Accept;</b> we will look to CIPFA to deliver this recommendation</p>	<p><b>In progress.</b></p> <ul style="list-style-type: none"><li>• CIPFA/LASAAC has agreed a new Strategic Implementation Plan that includes delivery of this recommendation.</li></ul>

## Action to further consider the functioning of local audit for smaller bodies (recommendations 14, 15, 16, 23)

Recommendation	December MHCLG Response	Progress update
<p><b>14.</b> SAAA considers whether the current level of external audit work commissioned for Parish Councils, Parish Meetings and Internal Drainage Boards (IDBs) and Other Smaller Authorities is proportionate to the nature and size of such organisations.</p>	<p><b>Accept;</b> we will look to SAAA to deliver this recommendation</p>	<p>In progress</p> <ul style="list-style-type: none"><li>• We committed to working with stakeholders, including SAAA and JPAG, to deliver these recommendations. We have established a working group to deliver this recommendation, which is currently considering proposals to deliver it and we will provide an update ahead of summer recess.</li><li>• This includes changes to current auditor guidance notes and what additional audit work might be appropriate for ‘larger’ small bodies.</li></ul>
<p><b>16.</b> SAAA reviews the current arrangements, with auditors, for managing the resource implications for persistent and vexatious complaints against Parish Councils.</p>	<p><b>Accept;</b> we will look to SAAA to deliver this recommendation</p>	<p>In progress</p> <ul style="list-style-type: none"><li>• We committed to working with stakeholders, including SAAA and JPAG, to deliver these recommendations. We have established a working group to deliver this recommendation, which is currently considering proposals to deliver it and we will provide an update ahead of summer recess.</li><li>• This includes changes to current auditor guidance notes and what additional audit work might be appropriate for ‘larger’ small bodies.</li></ul>
<p><b>23.</b> JPAG be required to review the Annual Governance and Accountability Return (AGAR) prepared by smaller authorities to see if it can be made more transparent to readers. In doing so the following principles should be considered:</p> <ul style="list-style-type: none"><li>• Whether “Section 2 – the Accounting Statements” should be moved to the first page of the AGAR so that it is more prominent to readers;</li><li>• Whether budgetary information along with the variance between outturn and budget should be included in the Accounting Statements; and</li><li>• Whether the explanation of variances provided by the authority to the auditor should be disclosed in the AGAR as part of the Accounting Statements.</li></ul>	<p><b>Accept;</b> we will work to JPAG to deliver this recommendation</p>	<p>In progress</p> <ul style="list-style-type: none"><li>• We committed to working with stakeholders, including SAAA and JPAG, to deliver these recommendations. We have established a working group to deliver this recommendation, which is currently considering proposals to deliver it and we will provide an update ahead of summer recess.</li><li>• This includes changes to current auditor guidance notes and what additional audit work might be appropriate for ‘larger’ small bodies.</li></ul>