

Local Audit Liaison Committee

24 January 2023 11:00-12:00

Virtual Meeting

Meeting Note

Attendees

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| Catherine Frances | Director General, Local Government, Resilience and Communities, DLUHC (Chair) |
| Radhika Sriskandarajah | Deputy Director, Local Government Performance, DLUHC |
| Elizabeth Parckar | Head of Local Audit, DLUHC |
| Neil Harris | Director of Local Audit, FRC |
| Sarah Rapson | Executive Director of Supervision, FRC |
| Susan Currie | FRC |
| Michael Sunderland | Deputy Director, Government Financial Reporting, HMT |
| Matt Allen | Local Government and Reform, HMT |
| Steve Freer | Chairman, PSAA |
| Tony Crawley | Chief Executive, PSAA |
| Sarah Sheen | CIPFA |
| Andrew Burns | CIPFA |
| Iain Murray | Director of Public Financial Management, CIPFA |
| Alison Ring | ICAEW |
| Dennis Skinner | Head of Improvement, Local Government Association |
| Alan Finch | Principal Adviser, Finance, LGA |
| Nick Munn | Assistant Director, Business Frameworks, BEIS |
| Eva Siwiak-Jaszek | Section Head DHSC Annual Report, DHSC |
| Julie Schofield | PSAA |
| Mike Newbury | NAO |
| Georgina Turner | Financial Accounting Manager, DHSC |
| Vicky Gaulter | Director of Financial Control, NHS England |
| Gareth Clark | Deputy Director, Complex Transactions Team, Cabinet Office |
| Hanan ElOmrani | DLUHC |
| William Hannam | DLUHC |
| Paulette Farsides | DLUHC |
| Joe Saffer | DLUHC |
| Matt Hemsley | DLUHC |
| Myles Binney | DLUHC |
| Rachel Wilsher | DLUHC |
| Alan Wareham | DLUHC |
| Sebnem Oztekin | DLUHC |
| Suzanne Clarke | DLUHC |

Welcome and introductions

1. Apologies: Siobhan Jones (DLUHC), Gareth Davies (Comptroller & Auditor General, NAO), Abdool Kara (NAO).
2. The Chair welcomed all members and thanked them for their attendance. Vicky Gaulter, a new attendee to the Liaison Committee, introduced herself as the Director of financial control at NHS England.

Minutes and actions from previous meeting

3. DLUHC noted that previous minutes had been published and could be viewed on the [Liaison Committee website](#). At the previous Liaison Committee meeting in October, DLUHC committed to sharing an update on the whole of the programme of work being undertaken to reform local audit. Following the meeting, this had been circulated. In response, CIPFA had raised comments and it was noted that any further comments were welcomed by other participants.

Timeliness

4. The FRC presented a paper on local audit timeliness. This paper suggested a number of potential measures to address delays to the completion of audits and highlighted the multiple considerations in developing this work. The FRC thanked members for their input and noted these were initial proposals that would require further development.
5. In discussion the following points were made:
 - a. Support was voiced for the paper and the suggested proposals. In particular, the approach to identify short, medium and long-term priorities was welcomed and members committed to work with the FRC as these proposals are developed.
 - b. The extent of the backlog of audit work was raised and it was stated that a plan to address this needed to be achievable and have the support of stakeholders across the local audit system - in particular, collaboration and ownership was needed from external auditors and local authority finance teams.
 - c. The timetabling of and links between NHS audit and local government audit will be an important consideration.
 - d. A question of whether consideration should be given to potential consequences for both poor quality local authority accounts and late audit completion was highlighted.
 - e. The c.150% rise in auditor fees due to come into effect in 2023/24 placed responsibility on auditors to address any internal issues which may cause instances of audit delays.
 - f. It was noted that further work was required to develop initial proposals, specifically analysis to understand the likely impacts of these proposals. Furthermore, it would be necessary to conduct work to identify where efforts should be focused and how quickly certain proposals could be developed and implemented.
6. The Chair thanked all participants for the helpful discussion and noted that, following the meeting, the FRC would further analyse their proposals and would intend to report back on their progress at the next meeting.

Update on System Leadership Readiness

7. The FRC thanked participants for their input on the draft Memorandum of Understanding between the FRC and DLUHC. It was confirmed that publication was expected shortly, and that work was underway to prepare the FRC for the start of shadow arrangements.
8. The Chair stated that DLUHC and the FRC would continue to work closely with participants to ensure the FRC are ready for shadow arrangements to commence.

Workforce Strategy

9. The FRC presented a paper that set out the proposed scoping for a workforce strategy to address the capacity and resilience of the audit market. The paper included a timetable, and it was requested that all participants commit resource to the development of this strategy in order to meet these proposed deadlines.
10. In discussion, the following points were made:
 - a. Participants expressed a commitment to assist the FRC in the development of a workforce strategy.
 - b. The work currently taken to understand and address workforce issues was highlighted. It was noted that the workforce strategy needed to acknowledge and take account of the delivery of recent and upcoming measures to address this issue.
 - c. The need to work at pace to deliver the strategy earlier than the proposed timetable was underlined given the time it will take to boost the current supply of local auditors.

Action: Liaison Committee members to offer appropriate contact details for the FRC to approach to engage in the development of a workforce strategy.

Other stakeholder updates

11. Due to time constraints, it was agreed that the remaining agenda items would be addressed through correspondence.

AOB

12. NAO notified that their *Progress update: Timeliness of local auditor reporting on local government in England* report would be published shortly.
13. A date for the next committee will be circulated in due course. The Chair thanked participants for their input. The meeting was drawn to a close.