

**To bring confidence to the finances of local public bodies through a valued and thriving profession**

We believe in high-quality understandable financial reports, in high-quality timely local audits, in strong financial management and good governance, in value for money and protecting the public interest, and in the critical role accountants and auditors play in enhancing transparency and accountability in the public sector.

What we believe is needed	Challenges we believe need to be overcome	Actions we support
Improve financial reporting to enhance transparency and accountability	<ul style="list-style-type: none"> <li>• Lack of understanding of purpose of accounts</li> <li>• Accounts treated as a compliance exercise and not actively used in holding bodies accountable</li> <li>• Overcomplicated financial statements</li> <li>• Unavailability of guidance to cash-strapped teams</li> <li>• Poor underlying records and documentation</li> <li>• Poor quality financial statements and narrative</li> <li>• Gap in best practice compared with private sector</li> <li>• Lack of public accountability</li> </ul>	<ul style="list-style-type: none"> <li>• Establish the primary users and uses of accounts as a key part of accountability and oversight</li> <li>• Annual results presentation by management to stakeholders and the public, together with training and resources for councillors and other stakeholders to improve financial literacy</li> <li>• Simpler, shorter, more understandable accounts, with fewer statutory overrides, fewer differences from IFRS</li> <li>• Streamline Local Authority Accounting Code and model accounts, and make available for free</li> <li>• Greater investment in the quality of financial records, in financial controls, and in the reporting process</li> <li>• System leader to lead on tackling weaknesses in financial reporting by preparers and the backlog in reports</li> <li>• A financial reporting panel that reviews and challenges accounts and promotes best practice</li> <li>• Redmond Review recommendation for a summary statement to help public understanding</li> </ul>
Deliver high-quality local audits on a timely basis	<ul style="list-style-type: none"> <li>• Audit not sufficiently valued by stakeholders</li> <li>• Disagreement on primary areas of audit focus</li> <li>• Areas for improvement identified by FRC</li> <li>• Resourcing constraints across audit portfolios</li> <li>• Expectations gap in value for money reports</li> <li>• Lack of assurance on central government grants</li> </ul>	<ul style="list-style-type: none"> <li>• Promote the value of accounts and audit as critical components in ensuring effective governance</li> <li>• Encourage new system leader to clarify risk focus for audits</li> <li>• Audit firms to address concerns identified, and foster a culture of continual improvement</li> <li>• Pragmatic approach to audit scheduling and deadlines across the public sector</li> <li>• Wider focus on controls and financial sustainability in commentary on value for money arrangements</li> <li>• Standardised framework for grant assurance on central government funded programmes</li> </ul>
Strengthen financial management and governance	<ul style="list-style-type: none"> <li>• Underinvestment in finance teams</li> <li>• Weaknesses in systems, processes and controls</li> <li>• Inconsistencies between budgets and accounts</li> <li>• Lack of risk and governance expertise</li> <li>• Management accountability not always clear</li> </ul>	<ul style="list-style-type: none"> <li>• Greater investment in finance staff, systems and processes; recruit and train more qualified accountants</li> <li>• Digital innovation, practical support, common standards, benchmarking, and sharing of best practice</li> <li>• Greater alignment and clearer line of sight to improve monitoring and reporting of performance</li> <li>• Audit committees to contain at least one independent financial expert</li> <li>• Greater clarity around the financial responsibilities of leaders, cabinets, chief executives, and senior officers</li> </ul>
Reform finances to ensure value for money and protect the public interest	<ul style="list-style-type: none"> <li>• Overcomplex funding models</li> <li>• Short-term funding settlements</li> <li>• Risks from investments and debt leverage</li> <li>• Financial failures from long-standing problems</li> <li>• Weaknesses in monitoring by central government</li> <li>• Interventions when it is far too late</li> </ul>	<ul style="list-style-type: none"> <li>• Reform of funding streams (with less bidding) to enable greater focus on value and outputs</li> <li>• Medium-term assurance around funding to enable more effective financial planning</li> <li>• Recapitalise local authorities and revisit rules that prevent diversification of investment risk</li> <li>• Earlier use of public interest reports to instigate action before, rather than after, failures occur</li> <li>• Standardised monthly and annual financial reports to DLUHC to replace ad hoc reports and data gathering</li> <li>• Greater proactivity by DLUHC to identify individual and systemic issues and offer support at an earlier stage</li> </ul>
Build a thriving profession that is highly valued	<ul style="list-style-type: none"> <li>• Lack of capacity in the audit market</li> <li>• Limited pool of qualified local audit partners</li> <li>• Insufficient fees to attract audit firms</li> <li>• Local audit not seen as an attractive career choice</li> </ul>	<ul style="list-style-type: none"> <li>• Greater flexibility in moving between company and public audit</li> <li>• Reduce obstacles to entry by reforming Key Audit Partner and public audit eligibility rules</li> <li>• Adequate fees, plus technical resources to support smaller firms wanting to enter market</li> <li>• Greater recognition of the importance of local audit in adding value to society</li> </ul>