

Audit Progress Report

Derbyshire County Council and
Derbyshire Pension Fund

Year ending 31 March 2020





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This document is to be regarded as confidential to Derbyshire County Council. It has been prepared for the sole use of the Audit Committee as the appropriate sub-committee charged with governance. No responsibility is accepted to any other person in respect of the whole or part of its contents. Our written consent must first be obtained before this document, or any part of it, is disclosed to a third party.

1. EXECUTIVE SUMMARY

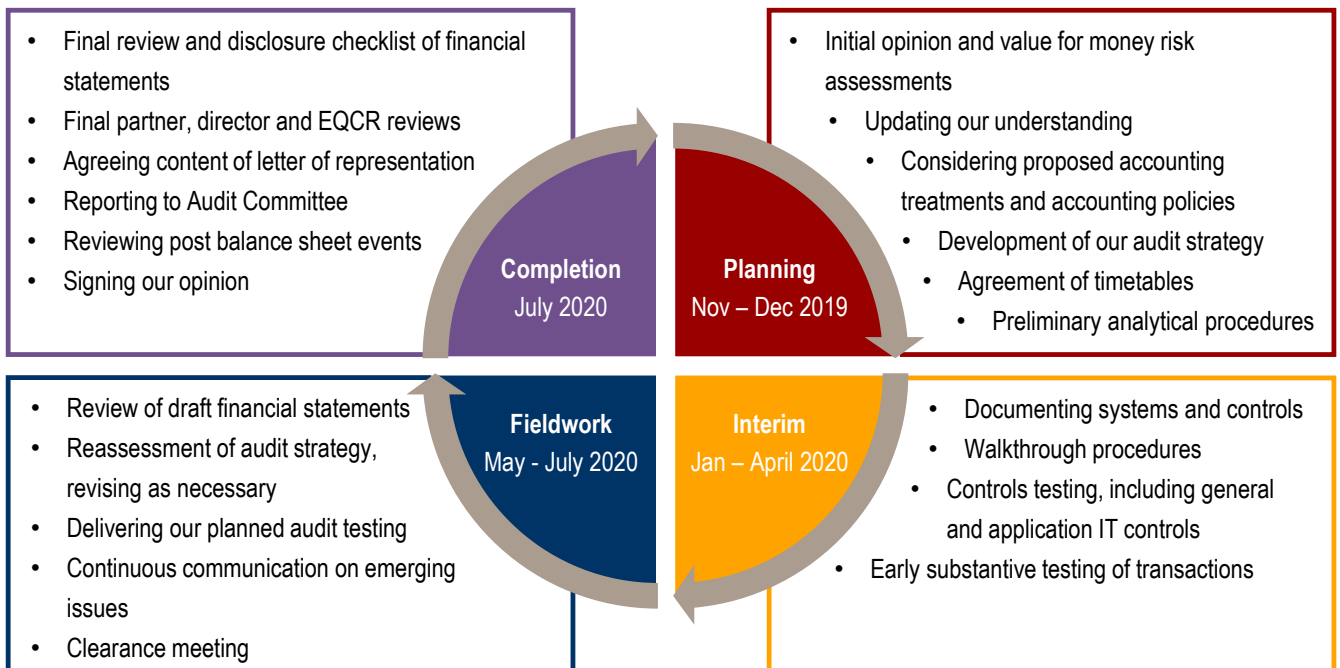
We are appointed to perform the external audits of Derbyshire County Council (the Council) and Derbyshire Pension Fund (the Fund) for the year to 31 March 2020.

The February Audit Committee falls before our Engagement Quality Control Reviewer (EQCR) will have had the opportunity to review our audit file and draft Audit Strategy Memorandum. We have therefore taken the decision to provide you with an assurance update and welcome any questions you may have on the scope of our audit or the approach being taken.

Most importantly, we would like to give the Audit Committee the assurance that our work is on track and at this stage, there are no matters arising which we are required to report to the Committee.

Key highlights:

- We have had good engagement from the Council's finance team and held our normal planning meetings with senior managers to inform our risk assessments and to update our understanding of the current priorities and challenges the Council faces. These included a useful discussion on the Council's planned approach on the valuation of land and buildings, ensuring both the Council and ourselves were clear on the key challenges, issues and audit requirements.
- We undertook our on site interim audit work in January 2020 and the work is currently under review.
- We expect our Value for Money risk assessment to be focused on the Council's arrangements for sustainable resource deployment.
- On completion of our EQCR's review we will bring our Audit Strategy Memorandums to the March Audit Committee for consideration. Our risk assessment process will continue throughout the year.
- Our timetable of work is set out in the diagram below.
- The remainder of this document informs the Audit Committee of the key areas of focus for our 2019/20 audits.



2. ENGAGEMENT AND RESPONSIBILITIES SUMMARY

Scope of engagement

The scope of our engagement is set out in the Statement of Responsibilities of Auditors and Audited Bodies, issued by Public Sector Audit Appointments Ltd (PSAA) available from the PSAA website: <https://www.psaa.co.uk/managing-audit-quality/statement-of-responsibilities-of-auditors-and-audited-bodies/>

Our responsibilities

Our responsibilities are principally derived from the Local Audit and Accountability Act 2014 (the 2014 Act) and the Code of Audit Practice issued by the National Audit Office (NAO), as outlined below:

Audit opinions

We are responsible for forming and expressing an opinion on the financial statements of the Council and the Fund.

Our audits are planned and performed so to provide reasonable assurance that the financial statements are free from material error and give a true and fair view of the financial performance and position of the Council and the Fund for the year.

Value for Money

We are required to conclude whether the Council has proper arrangements in place to secure economy, efficiency and effectiveness in its use of resources. We discuss our approach to Value for Money work further in section 4 of this report.

Reporting to the NAO

We report to the NAO on the consistency of the Council's financial statements with its Whole of Government Accounts (WGA) submission.

Electors' rights

The 2014 Act requires us to give an elector, or any representative of the elector, the opportunity to question us about the accounting records of the Council and consider any objection made to the accounts. We also have a broad range of reporting responsibilities and powers that are unique to the audit of local authorities in the United Kingdom.

Our audits do not relieve management or those charged with governance, of their responsibilities. The responsibility for safeguarding assets and for the prevention and detection of fraud, error and non-compliance with law or regulations rests with both those charged with governance and management. In accordance with International Standards on Auditing (UK), we plan and perform our audit so as to obtain reasonable assurance that the financial statements taken as a whole are free from material misstatement, whether caused by fraud or error. However our audits should not be relied upon to identify all such misstatements.

As part of our audit procedures in relation to fraud we are required to enquire of those charged with governance as to their knowledge of instances of fraud, the risk of fraud and their views on management controls that mitigate the fraud risks.

The Council is required to prepare its financial statements on a going concern basis by the Code of Practice on Local Authority Accounting. As auditors, we are required to consider the appropriateness of the use of the going concern assumption in the preparation of the financial statements and the adequacy of disclosures made.

For the purpose of our audits, we have identified the Audit Committee as those charged with governance.

3. KEY AREAS OF AUDIT FOCUS – DERBYSHIRE COUNTY COUNCIL

Based on our sector knowledge and planning work to date we do not expect the profile of the accounts audit risks for the Council to be significantly different to that reported last year, with the audit risks and areas of management judgement likely to include:

| Description of risk | Planned response |
|---|--|
| <p>Management override of controls</p> <p>Management at various levels within an organisation are in a unique position to perpetrate fraud because of their ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. Due to the unpredictable way in which such override could occur there is a risk of material misstatement due to fraud on all audits.</p> | <p>We plan to address the management override of controls risk through performing audit work over accounting estimates, journal entries and significant transactions outside the normal course of business or otherwise unusual.</p> |
| <p>Property, plant and equipment valuation</p> <p>The Council's accounts contain material balances and disclosures relating to its holding of property, plant and equipment, investment properties and assets held for sale, with the majority of land and building assets required to be carried at valuation. Due to high degree of estimation uncertainty associated with those held at valuation, we have determined there is a significant risk in this area.</p> | <p>In relation to the valuation of property, plant & equipment, investment properties and assets held for sale we will:</p> <ul style="list-style-type: none"> • Critically assess the Council's valuers scope of work, qualifications, objectivity and independence to carry out the required programme of revaluations; • Consider whether the overall revaluation methodology used by the Council's valuer is in line with industry practice, the CIPFA Code of Practice and the Council's accounting policies; • Assess whether valuation movements are in line with market expectations by reference to alternative sources of valuation data to provide information on regional valuation trends; • Critically assess the treatment of the upward and downward revaluations in the Council's financial statements with regards to the requirements of the CIPFA Code of Practice; and • Critically assess the approach that the Council adopts to ensure that assets not subject to revaluation in 2019/20 are materially correct, including considering the robustness of that approach in light of the valuation information reported by the Council's valuer. |
| <p>Defined benefit liability valuation</p> <p>The Council's accounts contain material liabilities relating to the Local Government Pension Scheme (LGPS). The Council uses an actuary to provide an annual valuation of these liabilities in line with the requirements of IAS 19 Employee Benefits. Due to the high degree of estimation uncertainty associated with this valuation, we have determined there is a significant risk in this area.</p> | <p>We will address this risk by performing work in the following areas:</p> <ul style="list-style-type: none"> • reviewing the appropriateness of the Pension Asset and Liability valuation methodologies applied by the Pension Fund Actuary, and the key assumptions included within the valuation. This included comparing them to expected ranges, utilising information provided by PWC, the consulting actuary engaged by the National Audit Office; • agreeing the data in the IAS 19 valuation report provided by the Fund Actuary for accounting purposes to the pension accounting entries and disclosures in the Council's financial statements; • critically assessed the competency, objectivity and independence of the Derbyshire Pension Fund's Actuary, Hymans Robertson; • liaising with the auditors of the Pension Fund to gain assurance that the controls in place at the Pension Fund are operating effectively. This includes the processes and controls in place to ensure data provided to the Actuary by the Pension Fund for the purposes of the IAS 19 valuation is complete and accurate; and • performing a walkthrough of payroll transactions at the Council to understand how pension contributions are deducted and paid to the Pension Fund by the Council. |

4. VALUE FOR MONEY – DERBYSHIRE COUNTY COUNCIL

Our approach to Value for Money

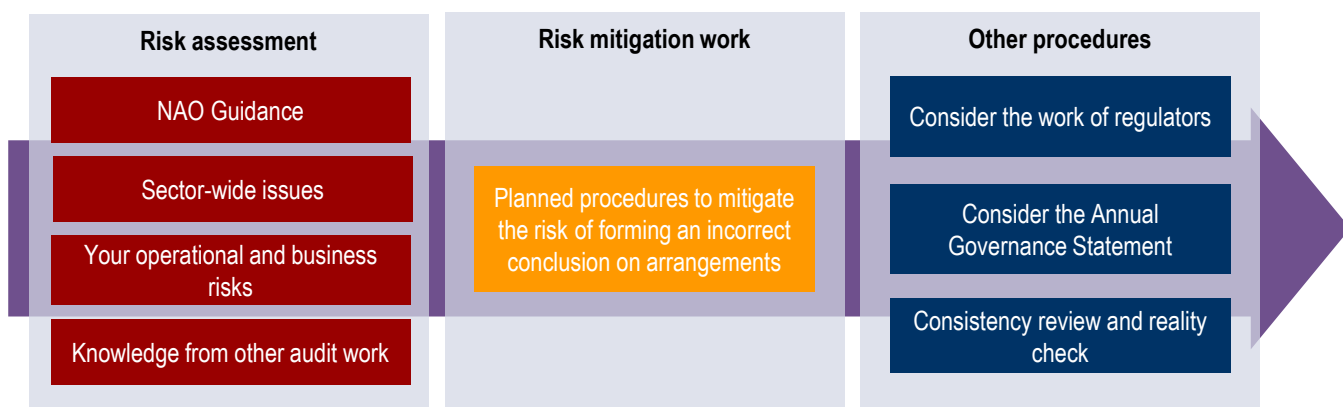
We are required to form a conclusion as to whether the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The NAO issues guidance to auditors that underpins the work we are required to carry out, and sets out the overall criterion and sub-criteria that we are required to consider.

The overall criterion is that, 'in all significant respects, the Council had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people.'

To assist auditors in reaching a conclusion on this overall criterion, the following sub-criteria are set out by the NAO:

- informed decision making;
- sustainable resource deployment; and
- working with partners and other third parties.

A summary of the work we undertake to reach our conclusion is provided below:



Significant Value for Money risks

The NAO's guidance requires us to carry out work at the planning stage to identify whether or not a Value for Money (VFM) exists. Risk, in the context of our VFM work, is the risk that we come to an incorrect conclusion rather than the risk of the arrangements in place at the Council being inadequate. As outlined above, we draw on our deep understanding of the Council and its partners, the local and national economy and wider knowledge of the public sector.

For the 2019/20 financial year, we have not at this stage identified any significant risks to our VFM conclusion. We have though identified one specific matter which we need to keep to under close review:

- Financial sustainability –The Council continues to face financial pressure in the coming years and the Council keeps updating its medium term financial plan (MTFP) to meet these pressures. We need to ensure our knowledge of the Council's MTFP arrangements and its monitoring of the planned delivery of savings, remains up to date in order to ensure we give the correct VFM conclusion.

We will continually assess whether any matters come to our attention through the course of our audit that lead us to conclude that a risk to our VFM conclusion does exist and where any such risk is identified, this will be reported to the Audit Committee in July 2020 as part of our Audit Completion Report.

5. KEY AREAS OF AUDIT FOCUS – DERBYSHIRE PENSION FUND

Based on our sector knowledge and planning work to date relating to the Fund we do not expect the profile of the accounts audit risks to be significantly different to that reported last year, with the audit risks and areas of management judgement likely to include:

| Description of risk | Planned response |
|--|---|
| <p>Management override of controls</p> <p>Management at various levels within an organisation are in a unique position to perpetrate fraud because of their ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. Due to the unpredictable way in which such override could occur there is a risk of material misstatement due to fraud on all audits.</p> | <p>We will address the risk through performing audit procedures, covering a range of areas including (but not limited to):</p> <ul style="list-style-type: none"> • accounting estimates included in the financial statements for evidence of management bias; • any significant transactions outside the normal course of business; and • journals and other adjustments recorded in the general ledger in preparing the financial statements. |
| <p>Valuation of unquoted investments for which a market price is not readily available</p> <p>As at 31 March 2019 the fair value of investments which were not quoted on an active market was £912m, which accounted for 18 percent of net investment assets. Inherently these assets are harder to value, as they do not have publicly available quoted prices from a traded market, and as such they require professional judgement or assumptions to be made when valuing them at year end.</p> <p>As the pricing of these investment assets is subject to judgements, they may be susceptible to pricing variances due to the assumptions underlying the valuation. We therefore consider that there is an increased risk of material misstatement.</p> | <p>We plan to address this risk by completing the following additional procedures:</p> <ul style="list-style-type: none"> • agree holdings from fund manager reports to the global custodian's report; • agree the valuation to supporting documentation including investment manager valuation statements and cashflows for any adjustments made to the investment manager valuation; • agree the investment manager valuation to audited accounts or other independent supporting documentation, where available; and • where audited accounts are available, check that they are supported by a clear opinion. |

6. PLANNED REPORTS

The table below lists the reports we will be providing in relation to our audit work for the Council and the Fund for 2019/20

| Report and Purpose | When |
|---|-----------------------|
| Audit Strategy Memorandum Sets out in detail how we intend to carry out our work, in light of an assessment of risks. This is updated as necessary. | March 2020 |
| Audit Completion Reports These summarise our conclusions and cover all of our responsibilities on the financial statements and VfM. In accordance with professional standards, this report has to be issued before we finalise, and issue, our opinion on the Council's and Pension Funds financial statements. | July 2020 |
| Audit Opinion This affords our opinion on the Trust's financial statements and a conclusion on whether the Trust has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources (the 'VFM conclusion'). | July 2020 |
| Certificate This confirms the audit has been completed in accordance with statutory requirements. | July 2020 |
| Annual Audit Letters These communicate to the Council and external stakeholders (including the public) the key issues from our work that we consider should be brought to the Council's attention | August/September 2020 |
| Other reports These may be issued at any point during the audit process, where appropriate e.g. Audit Progress Reports to the Audit Committee. | Throughout the year |

APPENDIX A – FORTHCOMING ACCOUNTING AND OTHER ISSUES

Financial reporting changes relevant to 2019/20

There are no significant changes in the Code of Practice on Local Authority Accounting for the 2019/20 financial year.

Financial reporting changes in future years

| Accounting standard | Year of application | Commentary |
|---------------------|---------------------|---|
| IFRS 16 – Leases | 2020/21 | <p>The CIPFA/LASAAC Code Board has determined that the Code of Practice on Local Authority Accounting will adopt the principles of IFRS 16 Leases, for the first time from 2020/21.</p> <p>IFRS 16 will replace the existing leasing standard, IAS 17, and will introduce significant changes to the way bodies account for leases, which will have substantial implications for the majority of public sector bodies.</p> <p>The most significant changes will be in respect of lessee accounting (i.e. where a body leases property or equipment from another entity). The existing distinction between operating and finance leases will be removed and instead, the new standard will require a right of use asset and an associated lease liability to be recognised on the lessee's Balance Sheet.</p> <p>In order to meet the requirements of IFRS 16, all local authorities will need to undertake a significant project that is likely to be time-consuming and potentially complex. There will also be consequential impacts upon capital financing arrangements at many authorities which will need to be identified and addressed at an early stage of the project.</p> |

Forthcoming audit changes

| Matter | Year of application | Commentary |
|----------------------------|---------------------|--|
| Value for Money Conclusion | 2020/21 | <p>The National Audit Office (NAO) has published the final draft of the new Code of Audit Practice 2020, confirming more robust narrative reporting requirement.</p> <p>The new Code comes into effect from April 2020 and will apply to the Council's 2020/21 financial year.</p> <p>There a number of changes to the Code, the most noticeable being the introduction of external audit commentary on a local authority's overall arrangements in securing value for money, with a focus on financial sustainability, governance, and improving value for money.</p> |

APPENDIX B - NATIONAL PUBLICATIONS

| | Publication/update | Key points |
|--|---|---|
| Chartered Institute of Public Finance and Accountancy (CIPFA) | | |
| 1. | Local Government Financial Resilience index | Online data tool which measures local authorities against a range of indicators to assess their level of resilience. |
| 2. | Financial Management Code | Guidance for good and sustainable financial management in local authorities. |
| 3. | Prudential Property Investment | Guidance on prudent investments in commercial properties. |
| Local Government Association (LGA) | | |
| 4. | Behavioural Insights Programme | Funding awarded to Derbyshire County Council for increasing rates of breastfeeding to improve health. |
| 5. | Probity in planning: advice for councillors and officers making planning decisions | This 2019 guidance is an update to the 2013 version of the Local Government Association's Probity in Planning. |
| 6. | Chief executives' 'must know' for children's services | How to avoid some of the more obvious and dangerous errors and challenges involved in leading one of the most sensitive, expensive and high-risk areas of local government. |
| 7. | A Councillors' guide to procurement | The guide covers questions commonly asked by Councillors. |
| 8. | Reaching out | Loneliness policy context and consideration of effective local delivery models. |
| 9. | A Councillor's guide to digital connectivity | Key information for Councillors. |
| Mazars LLP | | |
| 10. | Annual Transparency Report, Mazars | Sets out the steps we take to enhance the quality of our audit work and ensure that quality is consistent across the firm. |
| 11. | Mazars' response to the Brydon Review | Mazars' response to the latest review into the auditing profession which was published in December 2019. |

APPENDIX B - NATIONAL PUBLICATIONS

1. Local Government Financial Resilience index, CIPFA, December 2019

The resilience index is an online data tool which measures local authorities against a range of indicators to assess their level of resilience against financial shocks and to support financial decision making. Upper tier authorities are judged against nine indicators including social care.

The indicators measured include:

- levels of reserves;
- change in reserves;
- reserves sustainability;
- interest payable/net revenue expenditure;
- gross external debt;
- social care ratio;
- fees and charges to service expenditure ratio;
- council tax requirement/net expenditure ratio; and
- growth above baseline.

The tool allows for year on year comparisons of each authority's performance, as well as comparisons with similar and neighbouring authorities. Trend analysis is also available for some of the indicators outlined above.

<https://www.cipfa.org/about-cipfa/press-office/latest-press-releases/cipfa-launches-local-government-financial-resilience-index>

2. Financial Management Code, CIPFA, October 2019

Strong financial management is an essential part of ensuring public sector finances are sustainable. The Financial Management Code (FM Code) provides guidance for good and sustainable financial management in local authorities and aims to provide assurance that they are managing resources effectively.

It requires authorities to demonstrate that the processes they have in place satisfy the principles of good financial management. The FM Code identifies risks to financial sustainability and introduces a framework of assurance. This framework is built on existing successful practices and sets explicit standards of financial management. Complying with the standards set out in the FM Code is the collective responsibility of elected members, the chief finance officer and their professional colleagues in the leadership team. Complying with the FM Code with help strengthen the framework that surrounds financial decision making.

The FM Code built on elements of other CIPFA codes during its development and its structure and applicability will be familiar to users of publications such as The Prudential Code for Capital Finance, Treasury Management in the Public Sector Code of Practice and Code of Practice on Local Authority Accounting in the United Kingdom.

The Code applies to all local authorities, including police, fire and other authorities.

By following the essential aspects of the FM Code, local authorities are providing evidence to show they are meeting important legislative requirements in their jurisdictions.

The first full year of compliance will be 2021/22. This reflects the recognition that organisations will need time to reflect on the contents of the Code and can use 2020/21 to demonstrate how they are working towards compliance.

<https://www.cipfa.org/policy-and-guidance/publications/ffinancial-management-code>

APPENDIX B - NATIONAL PUBLICATIONS

3. Prudential Property Investment, CIPFA, November 2019

Increasingly there has been a move towards investments in commercial properties, funded by borrowing, with the key driver of this activity appearing to be the generation of revenue. This publication provides guidance on making the assessments needed to ensure that such acquisitions are prudent and on the risks local authorities must manage when acquiring property.

Statutory investment guidance from the Ministry of Housing, Communities and Local Government (MHCLG) last year set out clearly that local authorities need to consider the long-term sustainability risk implicit in becoming too dependent on commercial income, or in taking out too much debt relative to net service expenditure.

The increased scale of investment in property was recognised by revisions to CIPFA's Prudential Code for Capital Finance and the Treasury Management Code in 2017, but the growing amounts being borrowed for such a purpose are putting a strain on the credibility of the Prudential Framework and reinforce the need to ensure that such acquisitions are affordable, prudent and sustainable.

In addition to the core issue of borrowing in advance of need, which the Prudential Code has very clear provisions on, this publication provides guidance on the risk perspective to the practical assessment of prudence and affordability. Those risks could be very difficult to manage. Even when these issues are managed and there is reliance on investment income, a potential failure or a downturn of the property market may have a direct impact upon local services.

This publication considers such issues and the actions local authorities would need to take to mitigate against such risks.

<https://www.cipfa.org/policy-and-guidance/publications/p/prudential-property-investment>

APPENDIX B - NATIONAL PUBLICATIONS

4. Behavioural Insights Programme, LGA, January 2020

The latest round of the Local Government Association's Behavioural Insights Programme has awarded funding to eight councils, including Derbyshire County Council.

As part of the LGA's sector-led improvement offer, the programme encourages innovation in local public services with the aim of changing behaviour to reduce demand on overstretched local services as well as improving residents' lives.

Behavioural insights is a scientific approach that helps people to make better choices for themselves and society through interventions or 'nudges'.

In last year's LGA-funded trial, Knowsley Metropolitan Borough Council increased the uptake of assistive technology by 27 per cent through their interventions using targeted mail to those with blue badges and assisted bin collections. Alongside this, staff were supported to offer assistive technology to service users.

Kent County Council, Kent Police and their commissioned support services increased the number of domestic abuse victims that seek and receive support by more than 2 per cent through the use of contact information cards.

In the latest phase of the Programme, the LGA will provide the eight councils with a £20,000 grant each:

- Derbyshire County Council – reducing the number of repeat applications to the Derbyshire Discretionary Fund by increasing uptake of budgeting support.
- Newcastle City Council – increasing the number of families engaging positively with early help services following an initial report of concerns to children's social care.
- North Yorkshire County Council – Improving school readiness by encouraging more parents, families and community support networks to read with their children to assist with speech and language development.
- South Gloucestershire Council – to deploy a strengths-based approach with adult social care service users in the local hospital in order to prevent, delay or divert demand.
- Sunderland City Council – increasing rates of breastfeeding to improve health.
- Surrey County Council – increasing sustainable travel amongst local business employees.
- The London Borough of Merton – reducing the number of vehicles idling outside schools.
- The London Borough of Redbridge – reducing the demand for on-street prostitution in the local area.

The LGA and the councils undertaking the work will be sharing learning and results as and when they come in for others to benefit from.

<https://www.local.gov.uk/lga-announces-behavioural-insights-programme-has-awarded-funding-eight-councils>

5. Probity in planning: Advice for councillors and officers making planning decisions, LGA, December 2019

This 2019 guidance is an update to the 2013 version of the Local Government Association's Probity in Planning. It clarifies how councillors can get involved in planning discussions on plan making and on applications, on behalf of their communities in a fair, impartial and transparent way. This guide has been written for officers and councillors involved in making planning decisions in their local authority and does not constitute legal advice.

<https://www.local.gov.uk/probity-planning-advice-councillors-and-officers-making-planning-decisions>

APPENDIX B - NATIONAL PUBLICATIONS

6. Chief executives' 'must know' for children's services, LGA, December 2019

This is not intended to be a comprehensive blue-print for guaranteed results. Rather, it is intended to be a clear summary guide for chief executives, showing how to avoid some of the more obvious and dangerous errors and challenges involved in leading one of the most sensitive, expensive and high-risk areas of local government.

Key messages stated in the publication include:

- Together with the director of children's services, the lead member for children's services, and the leader or mayor, the chief executive has a key leadership role across the council and working with other local agencies to improve outcomes for children and young people. This strategic 'quartet' of political and officer leadership is fundamental to effectiveness and sustained improvement. It is the role of the chief executive, as the most senior professional concerned, to ensure the quartet is at least functional, at best, collectively inspirational and transformational.
- While the director of children's services and lead member have statutory responsibilities for delivering effective children's services and providing corporate leadership to champion the needs and improved outcomes for children and young people, the chief executive has a crucial role to ensure the whole council supports children and young people and enables the director to fulfil their role. The chief executive also plays the fundamental role in the effective professional oversight and line management of the director of children's services.
- Due to the complex nature of running a council, and the challenge of balancing workload pressures, chief executives might not have the time to develop an in-depth understanding of the ongoing performance of complex services. They instead must establish a system of delegated responsibility and performance reporting in order to fulfil their, and the council's obligations. Being in the chief executive position brings with it particular risks and challenges, especially when that complex service is children and young people, where the risks are high and the cost of failure can be profound, yet the signals of deteriorating performance may at best be opaque.

<https://www.local.gov.uk/chief-executives-must-know-childrens-services>

7. A Councillor's guide to procurement, 2019 edition, LGA, October 2019

The LGA worked closely with councils to develop the National Procurement Strategy 2018 and a toolkit that enables councils to set their own objectives and measure their own progress.

The National Procurement Strategy puts the councillor role front and centre and this guide has been produced specifically with councillors in mind. It looks at the roles councillors play – both executive members and those engaged in overview and scrutiny work – and provides hints and tips on how to get the best out of procurement and contract management. Just as in the national strategy, the focus is on delivering council objectives. Councillors do not need to be procurement professionals but they do need to be able to ask the right questions, including:

- What is the procurement process and why do major procurements in local government fail?
- What are the role and responsibilities of a councillor?
- How is social value delivered under the Public Services (Social Value) Act 2012 and more generally?

<https://www.local.gov.uk/councillors-guide-procurement-2019-edition>

8. Reaching out, LGA, October 2019

This guide outlines the current loneliness policy context, uses a range of case studies to demonstrate effective local delivery models working in practice, and provides useful checklists and tips on how to measure and evaluate outputs.

<https://www.local.gov.uk/reaching-out>

9. A Councillor's guide to digital connectivity, LGA, October 2019

This guide is structured to provide councillors with key information on digital connectivity. It explores the main issues and challenges facing local areas.

<https://www.local.gov.uk/councillors-guide-digital-connectivity-0>



APPENDIX B - NATIONAL PUBLICATIONS

10. Annual Transparency Report, *Mazars*, December 2019

Mazars produces an annual transparency report, setting out the steps we take to enhance the quality of our audit work and ensure that quality is consistent across the firm. The report includes:

- Public Interest Committee Report;
- UK Governance Council Report;
- Inspiring Stakeholder Confidence in Audit Quality (including quality monitoring and audit quality indicators);
- Our risks; and
- Structure, Leadership and Governance.

Link to the latest report issued in December 2019 is set out below.

<https://www.mazars.co.uk/Home/About-us/Corporate-publications/Transparency-reports/Mazars-UK-Transparency-Report-2018-2019>

11. Mazars' response to the Brydon Review, *Mazars*, December 2019

The Brydon Review is one of four key reviews into the scope and quality of audit, namely:

- Competition and Market's Authority (CMA): resilience and competition in the audit market;
- Kingman's Review (review of the Financial Reporting Council and regulatory oversight);
- The Brydon Review (tone and aspirations for the future of the industry); and
- The Redmond Review (quality of local authority financial reporting and external audit).

The Brydon Review contains various recommendations and essentially recommends a major overhaul of audit which would see the creation of a separate 'corporate auditing profession', greater focus on fraud detection during audits, and the replacement of the 'true and fair' concept, with a greater focus on going concern.

Mazars' response to the latest Brydon Review report issued in December 2019 is detailed per the link below.

<https://www.mazars.co.uk/Home/News-Events/Latest-news/Mazars-response-to-the-Brydon-report>

Link to the Brydon Review

Published in December 2019, focusing on the quality and effectiveness of audit.

<https://www.gov.uk/government/publications/the-quality-and-effectiveness-of-audit-independent-review>

Link to the Kingman's Review

Published in December 2018, this review recommended the replacement of the Financial Reporting Council with a new independent statutory regulator, accountable to Parliament. The new regulator will be called the Audit, Reporting and Governance Authority (ARGA).

<https://www.gov.uk/government/news/independent-review-of-the-financial-reporting-council-frc-launches-report>

Link to the Redmond Review

At the time of writing this report, the outcome from the Redmond Review has not yet been published.

<https://www.gov.uk/government/consultations/review-of-local-authority-financial-reporting-and-external-audit-call-for-views>

