

RESOURCES AND SERVICES OVERVIEW AND SCRUTINY COMMITTEE

17 DECEMBER 2024

REPORT OF DIRECTOR (FINANCE & IT)

A.4 EXTERNAL AUDITOR'S COMBINED ANNUAL REPORT INCLUDING THEIR VALUE FOR MONEY COMMENTARY ON THE COUNCIL'S USE OF RESOURCES

PURPOSE OF THE REPORT

To present the External Auditor's Combined Annual Report for the years ended 31 March 2021, 31 March 2022 and 31 March 2023.

SCOPE - THE AIMS AND OBJECTIVES OF THE REPORT

To enable the Committee to consider the value for money commentary provided by the Council's External Auditor.

INVITEES

None

BACKGROUND

As requested by the Committee at its last meeting, a report from the Council's External Auditor is attached which sets out the most up to date and independent value for money commentary on the Council's arrangements to secure economy, efficiency and effectiveness in its use of resources.

The attached report was formally considered by the Council's Audit Committee on 9 December 2024.

It is worth highlighting that a similar report is expected from the Council's new External Auditors early in 2025.

RELEVANT CORPORATE PLAN THEME/ANNUAL CABINET PRIORITY

Careful planning to ensure financial stability underpins the Council's capacity and ability to deliver against its objectives and priorities. Both the capital and revenue budgets of the authority are prepared and monitored with the aim of supporting these key objectives. The outturn position, associated Statement of Accounts and External Audit reports and commentary reflects this approach and supports the success of the Council's financial planning processes.

DESIRED OUTCOME OF THE CONSIDERATION OF THIS ITEM

To enable the Committee to consider the attached independent view on the Council's use of resources and to support the focus of any subsequent Committee activities or other work programme items.

DETAILED INFORMATION

The attached report sets out a detailed commentary on a range of value for money issues along with providing a summary of the key issues arising from the work of the External Auditor for the years ended 31 March 2021, 31 March 2022 and 31 March 2023. In terms of this latter point (pages 5 and 6 of the attached), this refers to the work the Auditors undertook as part of their statutory financial statements work, which was considered by the Audit Committee as part of the activities associated with the publication of the Council' Statement of Accounts for 2020/21, 2021/22 and 2022/23.

In terms of the value for money element of the work undertaken by the Council's External Auditor, the Code of Audit Practice requires auditors to carry out full scope audit of Value for Money (VFM) arrangements for 2023/24 onwards. However, as set out within the External Auditor's Combined Annual Report attached, a reduced scope has been carried out to date as permitted for preceding years. From 2024/25 onwards, auditors will be required to issue their annual auditor's report containing the VFM commentary each year by 30 November. This has been designed to ensure that, even where the financial audit opinion is disclaimed, the audit still provides useful information to audit committees and other stakeholders about the financial management and financial sustainability of local bodies.

The External Auditor's detailed value for money commentary is set out on pages 7 to 17 of the attached and it highlights a number of important areas of the Council's work and demonstrates a strong and continually improving picture across the various value for money themes.

This is a very welcome position and hopefully provides Members with assurances, especially around the two key themes of financial sustainability and governance, given no such independent commentary has been provided in recent years due to the external audit delays.

Although highlighted on page 17 of the attached report, it is worth highlighting the following statement by the External Auditor:

"Our VFM work for 2020/21 to 2022/23 has not identified any significant weaknesses in the Authority's arrangements. However, we have identified opportunities for the Authority to improve their arrangements and have made a recommendation accordingly."

In respect of the recommendation referred to in the above statement, this is also set out on page 17 of the attached report along with confirmation that the associated matter was addressed in 2023.

RECOMMENDATION

That the Committee considers the External Auditor's Combined Annual Report and determines whether it has any comments or recommendations it wishes to put forward to the relevant Portfolio Holder, or Cabinet or the Audit Committee.

PREVIOUS RELEVANT DECISIONS

None

BACKGROUND PAPERS AND PUBLISHED REFERENCE MATERIAL

None

APPENDICES

Attachment 1 External Auditor's Audit Annual Report (Covering 2020/21, 2021/22 and 2022/23)

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