

Report To:	AUDIT COMMITTEE	Date:	26TH July 2021
Heading:	VALUE FOR MONEY AUDIT COMMITTEE CHECKLIST		
Portfolio Holder:	CLLR DAVID MARTIN, PORTFOLIO HOLDER FOR FINANCE, REVENUES AND BENEFITS		
Ward/s:	N/A		
Key Decision:	NO		
Subject to Call-In:	NO		

Purpose of Report

The report provides information in relation to a new requirement for the Audit Committee to provide comment by exception on the Value For Money (VFM) Checklist provided by the External Auditor, Mazars.

The VFM Checklist has been completed by the entity for assurance to the Audit Committee and is included as Appendix 1.

Recommendation

- For Audit Committee to make comment by exception on the VFM Checklist provided at Appendix 1.

Reasons for Recommendation(s)

This is a new requirement of the External Auditor to inform their work on the Council's value for money arrangements. A new Code of Audit Practice applies from 2020/21 which requires changes to their work on VFM.

Alternative Options Considered

To provide a comment based on Audit Committee activity during the year. For example, the Audit Committee may have specifically requested a deep dive on the robustness of saving plans. This has been considered not appropriate as it does not demonstrate that Audit Committee have considered and agree with the entity's response.

Detailed Information

- 1.1 There has been a new Code of Audit Practice (the Audit Code), which prescribes how the External Auditors carry out their responsibilities. The Audit Code applies from 2020/21 onwards. The Audit Code requires changes to their work on VFM arrangements.
- 1.2 The Audit Code requires the Auditors to comment on the Council's 'adequate arrangements' in relation to:

- Financial sustainability: how the body plans and manages its resources to ensure it can continue to deliver its services
- Governance: how the body ensures that it makes informed decisions and properly manages its risks
- VFM: how the body uses information about its costs and performance to improve the way it manages and delivers its services

One of the indicators of ‘adequate arrangements’ covers “effective challenge from those charged with governance/audit committee”

- 1.3 The External Auditors expect the Audit Committee to be sighted on both the definition of adequate arrangements and ensuring that these have been adequately reflected in the internal control environment and, where appropriate, in the Annual Governance Statement (AGS).
- 1.4 The External Auditors require the self-assessment included at Appendix 1 to be completed by the entity for assurance to the Audit Committee. The self-assessment details the ‘proper arrangements’ that should be in place, and then requires the entity to assess how we assure the Audit Committee that these arrangements are in place.
- 1.5 The self-assessment shows that assurance is provided for all proper arrangements through the Narrative Report and the Annual Governance Statement and are also linked to the risks included in the Corporate Risk Register. (The assessment has been made with reference to the 2019/20 Annual Governance Statement as the 2020/21 Statement is still being finalised, but it will follow the same format with updates and additional information.)
- 1.6 The Audit Committee is asked to comment by exception if they have any concerns over the ‘proper arrangements’. Where no concerns are raised it is proposed to complete the column in the check list ‘Does the Audit Committee have significant concerns over the arrangements’ as ‘No’.

Implications

Corporate Plan:

The Corporate Plan includes providing good quality and value for money services as one of the Council’s purposes. The consideration of this checklist demonstrates that those charged with governance receive information to assure them proper arrangements for VFM are in place.

Legal:

There are no significant legal issues identified in the report.

Finance:

Budget Area	Implication
General Fund – Revenue Budget	None
General Fund – Capital Programme	None
Housing Revenue Account – Revenue Budget	None
Housing Revenue Account – Capital Programme	None

Risk:

Risk	Mitigation
Effective challenge by the audit committee is not in place.	The completion of this checklist demonstrates that arrangements are in place to allow for effective challenge from the Audit Committee. This is through reporting processes in the Narrative Statement, Annual Governance Statement and the Corporate Risk Register updates.

Human Resources:

None

Environmental/Sustainability

None

Equalities:

None

Background Papers

Draft Narrative Report 2020/21 (included in the Draft Statement of Accounts) 2020/21.

Annual Governance Statement 2019/20 (included in the Final Statement of Accounts 2019/20).

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