

Decision Maker: **AUDIT AND RISK MANAGEMENT COMMITTEE**

Date: **Tuesday 4th June 2024**

Decision Type: Non-Urgent Non-Executive Non-Key

Title: **INTERIM VALUE FOR MONEY REPORT 2020/21 – 2022/23**

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Ward: Borough Wide

1. Reason for report

- 1.1 This report provides details of the Interim Value for Money Report from the Council's external auditors for the years 2020/21 to 2022/23.
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2. RECOMMENDATIONS

The Committee is requested to:

- 2.1 Note the attached Interim Value for Money Report from Ernst & Young.**

Impact on Vulnerable Adults and Children

1. Summary of Impact: None arising directly from this report
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Corporate Policy

1. Policy Status: Existing Policy
 2. Making Bromley Even Better Priority: Managing our resources well
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Financial

1. Cost of proposal: Not Applicable
 2. Ongoing costs: Not Applicable
 3. Budget head/performance centre: External Audit
 4. Total current budget for this head: £747k
 5. Source of funding: Existing Revenue Budget
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Personnel

1. Number of staff (current and additional): Not Applicable
 2. If from existing staff resources, number of staff hours: Not applicable
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Legal

1. Legal Requirement: Statutory Requirement – The report concerns the statutory requirements required by the Local Audit and Accountability Act 2014
 2. Call-in: Not Applicable
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Procurement

1. Summary of Procurement Implications: Not Applicable.
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Customer Impact

1. Estimated number of users/beneficiaries (current and projected): Not applicable
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Ward Councillor Views

1. Have Ward Councillors been asked for comments? Not Applicable
2. Summary of Ward Councillors comments: Council Wide

3. COMMENTARY

- 3.1 Ernst & Young LLP, as the Council's appointed External Auditors are required to be satisfied that the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources as required by the 2020 Code of Audit Practice (the Code) and Auditor Guidance Note 3 (AGN 03).
- 3.2 The attached report provides EY's interim Value for Money report for the years 2020/21, 2021/22 and 2022/23.
- 3.3 In summary, there were no significant weaknesses identified in the three specified areas (financial sustainability, governance and improving economy, efficiency and effectiveness) and nothing that EY would be required to report on by exception.
- 3.4 EY have made one recommendation; that the Council needs to regularly review its capacity within the finance function to ensure that they have adequate capacity to support a timely and efficient audit. As Members will be aware from previous reports, additional resources have been put in to support the production of accounts and their subsequent audit. It is currently considered that this will be sufficient going forward once the backlog has been resolved; however, as recommended, this will be kept under close review.
- 3.5 As reported to the last meeting of the Committee, in February 2024 the Department for Levelling Up, Housing and Communities released a consultation on proposed changes to address the significant backlog of local authority audits.
- 3.6 The outcome of this consultation and any regulations required to implement it are still awaited at the time of writing and will be reported to a future meeting of the Committee.

4. FINANCIAL IMPLICATIONS

- 4.1 Fees are discussed agreed annually with the external auditor to cover the cost of their annual audit activity. The base audit fee is set by PSAA and then varied locally depending on various risk factors.
- 4.2 In the event that less audit work is completed than has been assumed in the scale fees for the prior year audits that are subject to a modified or disclaimed opinion, the fees will only be for the work carried out and variations will be determined by PSAA.

5. LEGAL IMPLICATIONS

- 5.1 There are no direct legal implications. This report focuses on the arrangements for local authority financial reporting and auditing put in place by the Local Audit and Accountability Act 2014.

Non-Applicable Sections:	Impact on Vulnerable Adults and Children Policy, Procurement Implications and Personnel Implications.
Background Documents: (Access via Contact Officer)	External Audit Reports, Audit & Risk Management Committee – 28 th March 2024