

Audit and Performance Committee Report

Date:	16 February 2022
Classification:	General Release
Title:	Value for Money assessment of 2020/21 accounts
Wards Affected:	All
City for All Summary	External auditor Value for Money (VfM) review of 2020/21 accounts
Report of:	Gerald Almeroth, Executive Director of Finance and Resources

1. Executive Summary

- 1.1 The Council's audited annual statement of accounts were approved at Audit and Performance Committee on 29 September 2021.
- 1.2 Under National Audit Office (NAO) Code of Practice regulations, external auditors are also required to make a Value for Money assessment to consider that local authorities have put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.
- 1.3 Newly implemented for the 2020/21 financial year, the auditor is no longer required to give a binary qualified / unqualified VfM conclusion. Instead, auditors report in more detail on an authority's overall arrangements, as well as key recommendations on any significant weaknesses in arrangements identified during the audit.

2. Recommendations

That Audit and Performance Committee:

- 2.1 considers the findings in Grant Thornton's Value for Money assessment (Appendix 1) and that no significant weaknesses were identified in respect of the three Value for Money assessment categories

3. Background

- 3.1 The NAO issued a new Code of Audit Practice which came into force on 1 April 2020 and applies to the 2020/21 audit. The key change is an extension to the framework for VfM work. The NAO prepared Auditor Guidance Note (AGN 03), which sets out detailed guidance on what VfM work needs to be performed.
- 3.2 The new approach to VfM re-focuses the work of local auditors to:
- promote more timely reporting of significant issues to local bodies;
 - provide more meaningful and more accessible annual reporting on VfM arrangements issues in key areas;
 - provide a sharper focus on reporting in the key areas of financial sustainability, governance, and improving economy, efficiency and effectiveness; and
 - provide clearer recommendations to help local bodies improve their arrangements.
- 3.3 Under the previous Code, auditors had only to undertake work on VfM where there was a potential significant risk and reporting was by exception. Whereas against the new Code, auditors are required to undertake work to provide a commentary against three criteria set by the NAO
- **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
 - **Improving economy, efficiency and effectiveness:** how the body uses information about its costs and performance to improve the way it manages and delivers its services

4. Conclusion

- 4.1 Grant Thornton's conclusion of the Council's Value for Money assessment is provided in Appendix 1.
- 4.2 The Council accepts the findings that no significant weaknesses have been found in respect of financial sustainability, governance or improving economy, efficiency and effectiveness.
- 4.3 The Council accepts any recommendations to continually improve its value for money practices which will be reported back to Audit and Performance Committee in subsequent external audit reviews.

5. Implications

Financial Implications:

5.1. Financial implications are outlined in Appendix 1.

Legal Implications:

5.2. Legal implications are outlined in Appendix 1.

If you have any queries about this Report or wish to inspect any of the Background Papers, please contact:

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APPENDICES:

Appendix 1: GT VfM Westminster City Council January 2022