

08 January 2019 at 7.00 pm

Conference Room, Argyle Road, Sevenoaks



Audit Committee

At the above stated meeting the attached document was tabled for the following item.

	Pages	Contact
5. Member Development - Assurance on Value for Money	(Pages 1 - 4)	Adrian Rowbotham Tel: 01732 227153

If you wish to obtain further factual information on any of the agenda items listed above, please contact the named officer prior to the day of the meeting.

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VALUE FOR MONEY

1) Work performed under the Code

- Our work is performed under the National Audit Office guidance for auditors on Value for Money Work.
- The current version of this guidance was released in November 2017.
- The guidance identifies one single criterion for auditors to evaluate:

“In all significant respects, the audited body takes properly informed decisions and deploys resources to achieve planned and sustainable outcomes for taxpayers and local people.”

- Within this, three specific sub-criteria are identified
 - Informed decision making
 - Working with partners & other third parties
 - Sustainable resource deployment
- Our risk assessment process is designed to identify significant risks against these sub-criteria.
- Changes to local government financing and high-profile county council solvency crisis (Section 114)

VALUE FOR MONEY

2) Our Risk Assessment process

- In informing our risk assessment process we consult a wide range of relevant sources, including (but not limited to);
 - Our background understanding of the Local Authority including (where applicable) the findings of Value for Money work performed in the previous year;
 - The Annual Governance Statement;
 - Head of Internal Audit report / individual audit reports;
 - Minutes of significant decision-making and oversight bodies within the Local Authority;
 - Discussions with key officers;
 - Corporate plan; Budget and medium term financial plan;
 - Reports from regulators (where applicable);
 - Strategic risk register;
 - External sources (including press and other media coverage);
 - Wider sector developments; considering the relevance of these to the Local Authority.
- Identifying significant risks and communicating these in our Audit Plan (examples)
- Note: Risk Assessment is an ongoing process and not a one-off activity



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3) Responding to significant risks and reporting

- Updating our risk assessment
- Identifying arrangements in place over significant risks
- Forming recommendations
- Unqualified opinion
- Qualified opinions; cause and circumstance: causes and consequences
 - 'except for'
 - 'adverse'
- Advisory notice
- Section 114 notice



VALUE FOR MONEY

4) Work outside of the Code

- Significant scale fee reductions limit the extent to which auditors are able to perform work outside the Code
- Authorities may want assurance on areas outside the scope of Code work, or areas within the Code but for which a more in-depth review is desired
- Code work is subject to a number of formal restrictions:
 - Opinion is given on a specific one-year period and extent to which commentary can be provided on future arrangements is limited
 - Opinion is on 'arrangements' only; robust arrangements alone do not guarantee effective Value for Money delivery in practice.
- Examples of potential additional work
- Closing the gap: National Audit Office VfM consultation underway – seeking feedback from Local Authorities.



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