

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)

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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

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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.