

SUBJECT:	EXTERNAL AUDIT: DRAFT VALUE FOR MONEY RISK ASSESSMENT
DIRECTORATE:	CHIEF EXECUTIVE AND TOWN CLERK
REPORT AUTHOR:	JACLYN GIBSON, CHIEF FINANCE OFFICER

1. Purpose of Report

- 1.1 To present the External Audit Draft Value for Money Risk Assessment, for the year ending 31 March 2024, to Audit Committee.

2. Background

- 2.1 The External Auditor provides an Audit Plan and Strategy ahead of each external audit along with periodic update reports to the Audit Committee. The Audit Plan and Strategy for the year ending 31 March 2024 were presented to Audit Committee on 19 March 2024, at that time the Value for Money Risk Assessment was not included in the report.

3. External Audit Progress Report

- 3.1 It is the responsibility of the Council's External Auditors, KPMG, to assess whether there are any significant weaknesses in the Council's arrangements to secure Value for Money. In undertaking the risk assessment KPMG are required to obtain an understanding of the key processes the Council has in place to ensure this, including financial management, risk management and partnership working arrangements.
- 3.2 KPMG have evaluated the design of controls in place for a number of the Council's systems, reviewed reports from external organisations and internal audit and performed inquiries of management. Based on these procedures the table below summarises their draft assessment of whether there is a significant risk that appropriate arrangements are not in place to achieve value for money at the Council for each of the relevant domains:

Domain	Significant Risk Identified
Financial sustainability	No significant risk identified
Governance	No significant risk identified
Improving economy, efficiency and effectiveness	No significant risk identified

- 3.3 External Audit will be in attendance at the meeting to present the progress report.

4. Strategic Priorities

- 4.1 There are no direct implications for the Council's strategic priorities. The external audit of the Council's financial statements and VFM conclusion is a statutory

requirement and as such contributes towards the fitness for purpose of the Council's governance arrangements.

5. Organisational Impacts

5.1 Finance (including whole life costs where applicable)

The Audit fee for 2023/24 is £139,722, set in accordance with the scale fees set by the PSAA. The fee includes work on the VFM conclusion and the audit of the financial statements. Variations are still likely to be incurred for new requirements of ISA315 (risk of material misstatement) or ISA240 (auditors responsibilities relating to fraud). The fees also assume no significant risks are identified as part of the VFM risk assessment. Additional fees in relation to these areas will be subject to the fee variation process as outlined by the PSAA.

5.2 Legal Implications including Procurement Rules

There are no direct legal implications. The External Auditor is required to satisfy themselves that the Council's accounts comply with statutory requirements and that proper practices have been observed in compiling them.

5.3 Equality, Diversity and Human Rights

The Public Sector Equality Duty means that the Council must consider all individuals when carrying out their day-to-day work, in shaping policy, delivering services and in relation to their own employees.

It requires that public bodies have due regard to the need to:

- Eliminate discrimination
- Advance equality of opportunity
- Foster good relations between different people when carrying out their activities

There are no specific equality, diversity and human rights issues arising as result of this report.

6. Risk Implications

- 6.1 There are no specific risk implications arising as a direct result of this report. The Audit Plan and Strategy sets out the key risks including Value for Money, as identified by the External Auditor, relevant to the audit of the financial statements and VFM conclusion.

7. Recommendation

- 7.1 Audit Committee are asked to note the content of the Draft Value for Money Risk Assessment.

Is this a key decision? No

Do the exempt information categories apply? No

Does Rule 15 of the Scrutiny Procedure Rules (call-in and urgency) apply? No

How many appendices does the report contain? One

List of Background Papers: None

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