

AUDIT COMMITTEE	AGENDA ITEM No. 8
22 JULY 2024	PUBLIC REPORT

Report of:	Cecilie Booth – Executive Corporate Director of Corporate Resources and S151 Officer
Cabinet Member(s) responsible:	CLlr Amjad Iqbal, Deputy Leader and Cabinet Member for Finance and Corporate Governance
Contact Officer(s):	Jill Evans, Service Director - Corporate Finance

EY VALUE FOR MONEY REPORT FOR 2021/2022 AND 2022/2023 ACCOUNTS

R E C O M M E N D A T I O N S	
FROM: Cecilie Booth – Executive Corporate Director of Corporate Resources and S151 Officer	Deadline date: 22 June 2024
<p>It is recommended that Audit Committee:</p> <ol style="list-style-type: none"> 1. Receives the final interim Auditors Value for Money Report for the years ending 31 March 2022 and 31 March 2023 from Ernst & Young (EY) 2. Considers the recommendations within the report. 	

1. ORIGIN OF REPORT

1.1 The annual accounts for the 2021/22 and 2022/23 years have not been audited.

A Government consultation on Local Government audit proposed a backstop of September 2024 for the 2021/22 and 2022/23 accounts to be audited by, and that the audit requirements for those years would be reduced but that a Value for Money report would be required.

The proposal has not been agreed. However, in anticipation of the change the Council’s auditors, EY, have produced an interim Value for Money report for the years ending 31 March 2022 and 31 March 2023.

2. PURPOSE AND REASON FOR REPORT

2.1 EY have certified that they have completed the Value for Money audit of the 2021/22 and 2022/23 accounts of Peterborough City Council. The report explains the work EY have undertaken and highlights any significant weaknesses identified along with recommendations for improvement.

2.2 This report is for the Audit Committee to consider under its Terms of Reference:

- 3.19: To comment on the scope and depth of external audit work and to ensure it gives value for money.
- 5.3: To consider the external auditors report to those charged with governance on issues arising from the audit of the accounts.

3. **TIMESCALES**

Is this a Major Policy Item/Statutory Plan?	NO	If yes, date for Cabinet meeting	n/a
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4. **BACKGROUND**

4.1 The final interim Value for Money report highlights any significant weaknesses identified along with recommendations for improvement.

EY have recommended that the Council:

- revisit their Medium Term Financial Strategy on an annual basis. It is now refreshed on a quarterly basis.
- continues to re-assess roles, responsibilities and resource requirement for financial reporting. The Corporate Finance team has been restructured.
- follow the requirements of the Ofsted Improvement Notice. An improvement plan is in action and development
- address the future budget gaps. These are considered across the council, including by the IIP, Budget CLT and the FSWG
- should implement procedures and controls to closely review finance arrangements. External accounting advice has been sought where necessary.

The financial position of the Council has improved over the past few years, and so whilst the report and the recommendations are useful, the council has addressed these issues as part of its improvement journey.

4.2 A Government consultation on Local Government audit proposed a backstop of September 2024 for the 2021/22 and 2022/23 accounts to be audited by, and that the audit requirements for those years would be reduced. However, the audit requirements have not changed as the consultation recommendations have not been turned into legislation. Therefore, the Value for Money report does not meet the full requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice issued by the National Audit Office.

This means that PCC's 2021/22 and 2022/23 audits are not complete and closed. This is demonstrated by the fact that this is an interim report.

However, a Value for Money report would be required as part of a 'full' audit and so this is presented to Audit Committee.

4.3 Having unaudited accounts means the Council cannot demonstrate that the accounts show an unqualified true and fair view of the Council. Officers have requested EY provide an update on their plans to audit these years.

5. **CORPORATE PRIORITIES**

5.1 Providing Value for Money is key to ensuring that the Council is able to deliver on its corporate priorities.

6. **CONSULTATION**

6.1 This report has been issued to the Executive Director of Corporate Services and Section 151 Officer for consideration

7. **ANTICIPATED OUTCOMES OR IMPACT**

7.1 That the Audit Committee is informed of the value for money report and the recommendations within it. This will provide assurance of the council's policies and procedures and allow the Committee to support financial governance.

8. REASONS FOR RECOMMENDATIONS

8.1 To enable the Audit Committee to continue to monitor the Council's financial governance.

9 ALTERNATIVE OPTIONS CONSIDERED

9.1 The alternate option is not to present a report into VfM activities. External audit of the accounts is a statutory requirement and so this was not considered.

10. IMPLICATIONS

10.1 Financial

The report demonstrates the council's value for money.

Legal

Audited accounts are a statutory requirement.

11. BACKGROUND DOCUMENTS

Used to prepare this report, in accordance with the Local Government (Access to Information) Act 1985

11.1 The 2021/22 accounts and the 2022/23 accounts which can be found here-

[Statement of accounts | Peterborough City Council](#)

12. APPENDICES

12.1 Appendix A - EY interim Value for Money report for the years ending 31 March 2022 and 2023

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