

Value for Money - Recommendations Tracker

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1. Summary/link to the County Plan

- 1.1. At the July 2018 Audit Committee, as part of their Audit Findings Report for 2017/18 financial year, Grant Thornton, our external auditors made a number of recommendations for improvement in areas such as budget monitoring and budget planning. These were turned into a tracker.
- 1.2. At each meeting since September 2018, this Committee has reviewed progress on this tracker so that they can take the necessary assurance that suitable progress was being made to address these recommendations.

At this meeting the external audit is now presenting their value for money conclusion for the financial year 2018/19. This includes an up-date on the recommendations from a year ago as well as new recommendations.

This report attaches the new tracker that continues previous recommendations where relevant and adds new ones. This will become the tracker that is reviewed at each meeting throughout 2018/19.

2. Issues for consideration

- 2.1. Members are asked to note the final comments of the 2017/18 tracker (including supporting tracker) and be content that any outstanding actions have been transferred to the new tracker. (see Appendix 1 to this report).
- 2.2. Members are asked to consider the new tracker document and to be satisfied that this covers the relevant areas for focus for the next period (i.e. up until the value for money conclusion for 2019/20 is known). (see Appendix 2 to this report).

Members to note that the report prepared following the additional external auditors work, will be presented to the relevant Scrutiny Meeting in autumn 2019.

3. Background

- 3.1.** In July 2018 the external auditor concluded that the Council did not have effective value for money arrangements in place for 2017/18 and that the financial challenges facing the Council were pervasive to the whole Council and reached an 'adverse' value for money conclusion, the worse conclusion that the Council could get.

Since July 2018 the previous tracker recommendations have been recorded in the council's risk management system, JCAD and a report presented to each audit committee meeting for Members to review to gain assurance that appropriate action was being taken.

- 3.2.** At the last Audit Committee in July 2019, the external auditor indicated that they were unable to conclude their VFM work for 2018/19 because they required more assurances over the embeddedness of the arrangements in respect of sustainable resource deployment. Specifically, in order to arrive at the appropriate VFM conclusion further work was required around the robustness of the Council's Medium Term Financial Plan (MTFP). The focus of this work being the deliverability of the Children Services and Adults Services budgets through to 2021/22.

The external auditors report sets out a summary of this additional work, which has now been completed and includes their final improved VFM conclusion: 'qualified except for'. This improved VFM conclusion reflects the positive response by the Council throughout 2018/19 but also highlights the remaining weaknesses:

Grant Thornton conclusion says:

"This 'except for' rating recognises that there is still much to do within the Council to return it to a fully sustainable financial position and it is critical that continued effort is directed to ensuring the positive trajectory over the last 12 months continues".

In response this report therefore presents an up-dated VFM tracker that the Council will maintain through JCAD and report to each Audit committee meeting through 2019/20 to track progress.

4. Consultations undertaken

- 4.1.** Officers hold regular meetings with the external auditor, where progress against these recommendations will continue to form a key part of the discussions.

The Council plans to ensure the Policy and Place Scrutiny Committee (in October) considers the external auditors additional report in detail.

5. Implications

- 5.1.** The positive response to the recommendations made for 2017/18 by the council has been reflected in the latest external auditor's improved VFM conclusion. Nonetheless, the report stresses that the level of improvement needed required sustained focus during 2018/19 as well to continue and further embed improvements already made. Therefore, taking swift and decisive action as set out in this report is an essential part of the response to the Grant Thornton findings.

6. Background papers

- 6.1.** External auditor's Annual Findings Report to Audit Committee and Management Response document from the Audit Committee meeting of 26 July 2018.

External auditor's annual findings Report to Audit committee form the Audit Committee of 30 July 2019.

Note: For sight of individual background papers please contact the report author.