



Breckland Council

**Auditor's Annual Report
Year ended 31 March 2021**

27 October 2021



EY

Building a better
working world



Contents

Section	Page
01 - Executive Summary	02
02 - Purpose and responsibilities	05
03 - Financial statements audit	07
04 - Value for Money	14
05 – Other reporting issues	23
Appendix 1 – Audit Fees	25

Public Sector Audit Appointments Ltd (PSAA) issued the "Statement of responsibilities of auditors and audited bodies". It is available from the PSAA website (<https://www.psaa.co.uk/audit-quality/statement-of-responsibilities/>). The Statement of responsibilities serves as the formal terms of engagement between appointed auditors and audited bodies. It summarises where the different responsibilities of auditors and audited bodies begin and end, and what is to be expected of the audited body in certain areas.

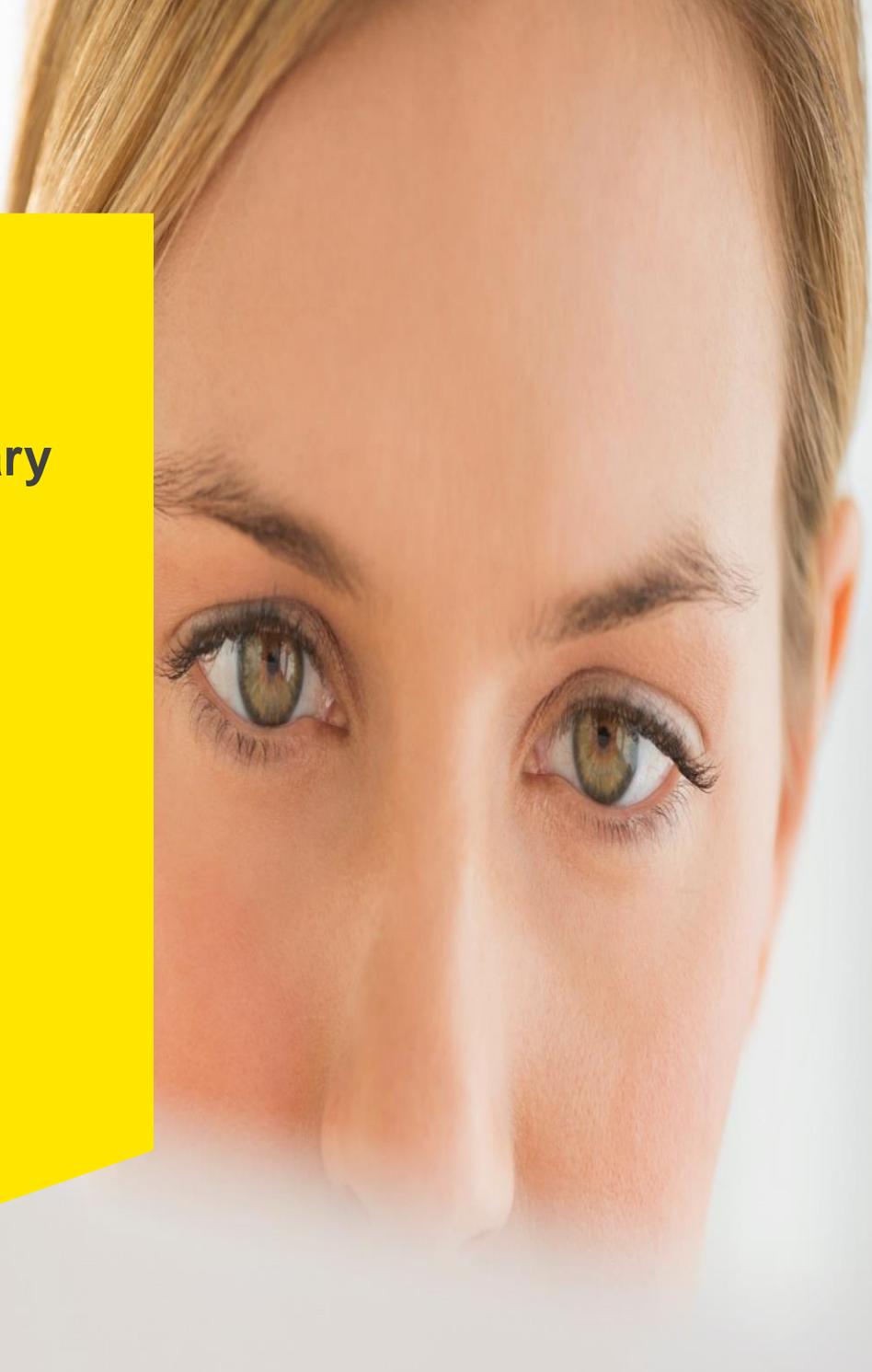
The "Terms of Appointment and further guidance (updated April 2018)" issued by the PSAA sets out additional requirements that auditors must comply with, over and above those set out in the National Audit Office Code of Audit Practice (the Code) and in legislation, and covers matters of practice and procedure which are of a recurring nature.

This report is made solely to the Governance & Audit Committee and management of Breckland Council in accordance with the statement of responsibilities. Our work has been undertaken so that we might state to the Governance & Audit Committee and management of Breckland Council those matters we are required to state to them in this report and for no other purpose. To the fullest extent permitted by law we do not accept or assume responsibility to anyone other than the Civic Affairs Committee and management of Breckland Council for this report or for the opinions we have formed. It should not be provided to any third-party without our prior written consent.

Our Complaints Procedure – If at any time you would like to discuss with us how our service to you could be improved, or if you are dissatisfied with the service you are receiving, you may take the issue up with your usual partner or director contact. If you prefer an alternative route, please contact Hywel Ball, our Managing Partner, 1 More London Place, London SE1 2AF. We undertake to look into any complaint carefully and promptly and to do all we can to explain the position to you. Should you remain dissatisfied with any aspect of our service, you may of course take matters up with our professional institute. We can provide further information on how you may contact our professional institute.

Section 1

Executive Summary



Executive Summary: Key conclusions from our 2020/21 audit

Area of work	Conclusion
Opinion on the Council's:	
Financial statements	Unqualified – the financial statements give a true and fair view of the financial position of the Council as at 31 March 2021 and of its expenditure and income for the year then ended. The financial statements have been prepared properly in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2020/21. We issued our Audit Report on 11 October 2021.
Going concern	We have concluded that the Assistant Director Finance's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.
Consistency of other information published with the financial statements	Financial information in the financial statements was consistent with the audited accounts.

Area of work	
Reports by exception:	
Value for money (VFM)	We had no matters to report by exception on the Council's VFM arrangements. We have included our VFM commentary in Section 04.
Consistency of the annual governance statement	We were satisfied that the annual governance statement was consistent with our understanding of the Council.
Public interest report and other auditor powers	We had no reason to use our auditor powers.

Executive Summary: Key conclusions from our 2020/21 audit

As a result of the work we carried out we have also:

Outcomes	Conclusion
Issued a report to those charged with governance of the Council communicating significant findings resulting from our audit.	We issued our Audit Results Report on the 21 September 2021 to the Governance & Audit Committee with a follow up Audit Results Report Addendum on the 5 October 2021.
Issued a certificate that we have completed the audit in accordance with the requirements of the Local Audit and Accountability Act 2014 and the National Audit Office's 2020 Code of Audit Practice.	We have not yet issued our certificate for 2020/21 as we have not yet performed the procedures required by the National Audit Office on the Whole of Government Accounts submission. The guidance for 2020/21 is delayed and has not yet been issued

Fees

We carried out our audit of the Council's financial statements in line with the "Terms of Appointment and further guidance (updated April 2018)" issued by the PSAA. As outlined in the Audit Results Report we were required to carry out additional audit procedures to address audit risks in relation to accounting for Covid-19 related Government Grant income, Going Concern, the valuation of Investment Properties and the new NAO Code for VFM. As a result, we will agree an associated additional fee with the Assistant Director Finance. We include details of the audit fees in Appendix 1.

We would like to take this opportunity to thank the Council staff for their assistance during the course of our work.

Mark Hodgson
Associate Partner
For and on behalf of Ernst & Young LLP

Section 2

Purpose and responsibilities



Purpose and responsibilities

This report summarises our audit work on the 2020/21 financial statements.

Purpose

The purpose of the Auditor's Annual Report is to bring together all of the auditor's work over the year. A core element of the report is the commentary on VFM arrangements, which aims to draw to the attention of the Council or the wider public relevant issues, recommendations arising from the audit and follow-up of recommendations issued previously, along with the auditor's view as to whether they have been implemented satisfactorily.

Responsibilities of the appointed auditor

We have undertaken our 2020/21 audit work in accordance with the Audit Plan that we issued on 21 May 2021 and our Audit Plan Addendum on the 23 July 2021. We have complied with the NAO's 2020 Code of Audit Practice, International Standards on Auditing (UK), and other guidance issued by the NAO.

As auditors we are responsible for:

Expressing an opinion on:

- The 2020/21 financial statements;
- Conclusions relating to going concern; and
- The consistency of other information published with the financial statements, including the annual report.

Reporting by exception:

- If the governance statement does not comply with relevant guidance or is not consistent with our understanding of the Council;
- If we identify a significant weakness in the Council's arrangements in place to secure economy, efficiency and effectiveness in its use of resources; and
- Any significant matters that are in the public interest.

Responsibilities of the Council

The Council is responsible for preparing and publishing its financial statements, annual report and governance statement. It is also responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

Section 3

Financial Statement Audit



Financial Statement Audit

We have issued an unqualified audit opinion on the Council's 2020/21 financial statements.

Key issues

The Statement of Accounts is an important tool for the Council's to show how it has used public money and how it can demonstrate its financial management and financial health.

On 11 October 2021, we issued an unqualified opinion on the financial statements. We reported our detailed findings to the Governance & Audit Committee on the 30 September 2021. We outline below the key issues identified as part of our audit, reported against the significant risks and other areas of audit focus we included in our Audit Plan.

Significant risk	Conclusion
Misstatements due to fraud or error - management override of controls An ever present risk that management is in a unique position to commit fraud because of its ability to manipulate accounting records directly or indirectly, and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively.	<p>We have not identified any material weakness in controls or evidence of material management override.</p> <p>We have not identified any instances of inappropriate judgements being applied, or of any management bias in accounting estimates.</p> <p>We have not identified any inappropriate journal entries or other adjustments to the financial statements.</p>
Inappropriate capitalisation of expenditure Under ISA 240 there is a presumed risk that revenue may be misstated due to improper revenue recognition. In the public sector, this requirement is modified by Practice Note 10 issued by the Financial Reporting Council, which states that auditors should also consider the risk that material misstatements may occur by the manipulation of expenditure recognition. We have identified an opportunity and incentive to capitalise expenditure under the accounting framework, to remove it from the General Fund.	<p>Our sample testing of additions to Property, Plant and Equipment found that they had been correctly classified as capital and included at the correct value.</p> <p>Our sample testing did not identify any revenue items that were incorrectly classified.</p> <p>Our data analytics procedures did not identify any journal entries that incorrectly moved expenditure into capital codes.</p>

Continued over.

Financial Statement Audit (continued)

Significant Risk	Conclusion
<p>Accounting for Covid-19 related grant funding</p> <p>In response to the Covid-19 pandemic, the Council have received significant levels of grant funding, both to support the Council and to pass on to local businesses. Each of these grants will have distinct restrictions and conditions that will impact the accounting treatment of these.</p> <p>Given the volume of these grants, and the new conditions for the Council to understand the accounting impact of, there is a significant risk that these may be misclassified in the financial statements or inappropriately treated from an accounting perspective.</p>	<p>Our sample testing of Covid-19 related grant funding did not identify any grants that were incorrectly classified as specific or non-specific in nature, or any grants where the incorrect accounting treatment was applied.</p>

Continued over.

Financial Statement Audit (continued)

In addition to the significant risks identified, we also concluded on the following areas of audit focus or inherent risk.

Other area of audit focus	Conclusion
<p>Valuation of Property, Plant and Equipment and Investment Properties The fair value of Property, Plant and Equipment (PPE) and Investment Properties (IP) represent significant balances in the Council's accounts (£66.668 million at 31 March 2021). These balances are subject to valuation changes, impairment reviews and depreciation charges. Management is required to make material judgemental inputs and apply estimation techniques to calculate the year-end balances recorded in the Balance Sheet.</p>	<p>Our work and the work of our specialists concluded that Property, Plant and Equipment and Investment Property valuations were materially correct.</p>
<p>National Non-Domestic Rates Appeals Provision The calculation of the NNDR Appeals Provision is estimate based. Statistics compiled by the Ministry for Housing, Communities and Local Government, reveal that councils are forecasting net additions to appeal provisions totalling £927 million this financial year, and £1.2bn next year. The reason behind the forecast increase is that, due to the impact of Covid-19, businesses are likely to seek reductions based on a decrease in rental prices on which rateable values are based. In light of this we consider there to be a risk of misstatement of the Council's NNDR appeals provision.</p>	<p>Our work did not identify any issues with the assumptions used by Council's specialist in the calculation of the NNDR appeals provision. Where the Council had made local adjustments to reflect on local knowledge and developing appeals, these were also found to be reasonable.</p>

Continued over.

Financial Statement Audit (continued)

Other area of audit focus	Conclusion
<p>Pension Valuations and Disclosures The Local Authority Accounting Code of Practice and IAS19 require the Council to make extensive disclosures within its financial statements regarding the Local Government Pension Scheme (LGPS) in which it is an admitted body The Council's current pension fund deficit is a material and sensitive item and the Code requires that this liability be disclosed on the Council's Balance Sheet. Accounting for this scheme involves significant estimation and judgement. The information disclosed is based on the IAS 19 report issued to the Council by the actuary to the administering body. ISAs (UK and Ireland) 500 and 540 require us to undertake procedures on the use of management experts and the assumptions underlying fair value estimates.</p>	<p>The Norfolk Pension Fund auditor highlighted a material movement in the valuation of Investment Assets of the Pension Fund, in their assurance letter to us. As a result, the Council received an updated actuarial (IAS19) report from the Actuary, which determined that the liability in the draft accounts was overstated by £1.426 million. The audited statements were updated for the revised figures.</p>
<p>Recoverability of Debtors As a result of the impact of Covid-19, there may be increased uncertainty around the recoverability of receivables. The provision for these bad debts is an estimate, and calculation requires management judgement. We would expect the Council to revisit their provision for bad debt calculation in light of Covid-19 and assess the appropriateness of this estimation technique. Given that there might be some subjectivity to the recoverability of debtors the Council will need to consider the level of any provision for bad debts. We have therefore raised as an inherent risk in our audit strategy.</p>	<p>Our work did not identify any issues with the reasonableness, accuracy or sufficiency of the provision for the recoverability of receivables made.</p>

Continued over.

Financial Statement Audit (continued)

Other area of audit focus	Conclusion
<p>Accounting for Collection Fund disclosures</p> <p>During 2020/21, in response to the financial hardship faced by individuals and businesses, there may be lower levels of recovery of collection fund income.</p> <p>There are also specific sectors including retail, hospitality and leisure that have received additional business rates relief for the financial year. There is therefore a risk of incorrect accounting based on the significant level of change in the year.</p>	<p>Our work did not identify any issues with the accounting for Collection Fund disclosures.</p>
<p>Going concern disclosures</p> <p>The Council is required to carry out an assessment of its ability to continue as a going concern for the foreseeable future, being at least 12 months after the date of the approval of the financial statements. There is a risk that the Council's financial statements do not adequately disclose the assessment made, the assumptions used and the relevant risks and challenges that have impacted the going concern period</p>	<p>We did not identify any events or conditions in the course of our audit that may cast significant doubt on the entity's ability to continue as going concern.</p> <p>Management have used the basis of their assessment to produce the disclosures included within the draft financial statements.</p> <p>We are satisfied that the revised disclosure note appropriately sets out the circumstances surrounding the financial implications prevalent at the date of authorisation of the financial statements.</p>

Continued over.

Financial Statement Audit (continued)

Audit differences

Management corrected, within the authorised financial statements, audit differences in relation to:

- ▶ Updated information in respect of Norfolk Pension Fund assets, through receipt of a revised actuarial (IAS 19) report. This has reduced the Council's share of the Pension Fund Liability by £1.426 million.
- ▶ Decrease in the Council's Short-term Debtors and Creditor balances of £0.182 million. An invoice for £0.182 million, in respect of the PFI Leisure Contract, dated April 2021, was incorrectly included within Short-term Debtors and Short-term Creditors in respect of the 2020/21 financial year.

We identified a small number of misstatements in disclosures which management corrected.

There were no misstatements identified for which management did not adjust the accounts.

Our application of materiality

When establishing our overall audit strategy, we determined a magnitude of uncorrected misstatements that we judged would be material for the financial statements as a whole.

Item	Thresholds applied
Planning materiality	We determined planning materiality to be £1.415 million as 2% of gross revenue expenditure reported in the accounts. We consider gross revenue expenditure to be one of the principal considerations for stakeholders in assessing the financial performance of the Council
Reporting threshold	We agreed with the Governance & Audit Committee that we would report all audit differences in excess of £0.07 million.

We also identified the following areas where misstatement at a level lower than our overall materiality level might influence the reader. For these areas we developed an audit strategy specific to these areas. The areas identified and audit strategy applied include:

- ▶ Remuneration disclosures: We audited all disclosures and undertook procedures to confirm material completeness.
- ▶ Related party transactions. We audited all disclosures and undertook procedures to confirm material completeness.

Section 4

Value for Money



Value for Money (VFM)

We did not identify any risks of significant weaknesses in the Council's VFM arrangements for 2020/21.

Scope and risks

We have complied with the NAO's 2020 Code and the NAO's Auditor Guidance Note in respect of VFM. We presented our VFM risk assessment to the Governance & Audit Committee on the 30 September 2021 which was based on a combination of our cumulative audit knowledge and experience, our review of Council and committee reports, meetings with the Assistant Director Finance and her team and evaluation of associated documentation through our regular engagement with management and the finance team. We reported that we had not identified any risks of significant weaknesses in the Council's VFM arrangements for 2020/21.

We had no matters to report by exception in the audit report.

Reporting

We completed our planned VFM arrangements work in September 2021 and did not identify any significant weaknesses in the Council's VFM arrangements. As a result, we had no matters to report by exception in the audit report on the financial statements.

Our VFM commentary highlights relevant issues for the Council and the wider public.

VFM Commentary

In accordance with the NAO's 2020 Code, we are required to report a commentary against three specified reporting criteria:

- Financial sustainability
How the Council plans and manages its resources to ensure it can continue to deliver its services;
- Governance
How the Council ensures that it makes informed decisions and properly manages its risks; and
- Improving economy, efficiency and effectiveness:
How the Council uses information about its costs and performance to improve the way it manages and delivers its services.

Introduction and context

The 2020 Code confirms that the focus of our work should be on the arrangements that the audited body is expected to have in place, based on the relevant governance framework for the type of public sector body being audited, together with any other relevant guidance or requirements. Audited bodies are required to maintain a system of internal control that secures value for money from the funds available to them whilst supporting the achievement of their policies, aims and objectives. They are required to comment on the operation of their governance framework during the reporting period, including arrangements for securing value for money from their use of resources, in a governance statement.

We have previously reported the VFM work we have undertaken during the year including our risk assessment. The commentary below aims to provide a clear narrative that explains our judgements in relation to our findings and any associated local context.

The Council has had the arrangements we would expect to see to enable it to plan and manage its resources to ensure that it can continue to deliver its services.

For 2020/21, the significant impact that the Covid-19 pandemic has had on the Council has shaped decisions made, how services have been delivered and financial plans have necessarily had to be reconsidered and revised.

We have reflected these national and local contexts in our VFM commentary.

Financial sustainability

1. How the body ensures that it identifies all the significant financial pressures that are relevant to its short and medium-term plans and builds these into them

The Finance team works with all the individual departments to set the budget each year. The individual department managers will be aware of the budget pressures affecting their departments.

The draft budget goes to the Corporate Management Team (CMT), members of the Council, and the Overview and Scrutiny Committee for further discussion and consideration.

Risks to the short and medium term plans are identified by the Finance team and included in the strategic Risk Register, which is updated quarterly and reviewed by the Overview and Scrutiny Committee.

2. How the body plans to bridge its funding gaps and identifies achievable savings

The Council has an efficiency plan in place, which is assessed for feasibility that it will generate sufficient efficiencies to close the identified funding gap within the annual budget and Medium Term Financial Plan (which goes through to the end of 2023/24). The process of identifying savings is an ongoing one, and the Finance team report to CMT on a number of occasions throughout the year to narrow down the key savings that can be implemented.

Budget updates go out to the relevant Committees every quarter, where the Treasury, Capital, and Revenue budgets are compared to the forecast.

Financial sustainability (continued)

3. How the body plans finances to support the sustainable delivery of services in accordance with strategic and statutory priorities

The Council has a Corporate Plan in place, which is reviewed and updated every 4 years. The delivery of the plan is refreshed annually to ensure it is relevant to the current political and economic climate. The Finance team ensures that service area budgets reflect the priorities in the Corporate Plan.

4. How the body ensures that its financial plan is consistent with other plans such as workforce, capital, investment, and other operational planning which may include working with other local public bodies as part of a wider system

The different budgets (capital, treasury, and revenue) are set annually at the same time to ensure consistency. The salary budgets are set from establishment information to ensure this is in line with workforce planning assumptions. The annual budget links to the Corporate Plan to ensure there is sufficient funding to deliver on the Council's priorities. The Capital Strategy and the Medium Term Financial Plan both show the strategic links to other key Council policies such as Corporate Risk Management, IT, Digital, Housing, Treasury Management and Corporate Asset Management.

The Council works in partnership with a number of other councils within the Anglia Revenue Partnership (ARP). The Council is the Finance Partner for ARP and liaises with the other Councils to collate a central budget for the Partnership.

5. How the body identifies and manages risks to financial resilience, e.g. unplanned changes in demand, including challenge of the assumptions underlying its plans.

The Council identifies and manages risks to financial resilience through quarterly performance reports, which go to Cabinet meetings for discussion. These reports provide information on the forecast full year financial performance for revenue, capital, and treasury. They also provide more detail on any significant variances identified between budget and forecast outturn.

During 2020/21, an interim budget was set in December to better account for the financial risks arising during the year as a result of Covid-19 and how they would impact the Council's planned financial position. This shows how the Council identified the financial pressures during the year and built them into their plan. A review of the impact of these pressures on the Medium Term Financial Plan was also undertaken to ensure its continued validity.

The Council has also recognised in its Strategic Risk Register risks related to the assumptions used in their financial planning, which could have a resultant impact on the budget gap.

The Council has had the arrangements we would expect to see to enable it to plan and manage its resources to ensure that it can continue to deliver its services.

Governance

1. How the body monitors and assesses risk and how the body gains assurance over the effective operation of internal controls, including arrangements to prevent and detect fraud

The Council has a Strategic Risk Register and an Organisational Risk Register in place. Both of these are scored against a risk matrix and held on the Pentana system. These are updated quarterly and presented to the Governance and Audit Committee. Service managers are responsible for their departmental risks and they will receive notifications every quarter to assess their risks on the system and update them for the latest position. The Corporate Improvement Team collate the risks and work with stakeholders and risk owners to ensure that the risks continue to be identified correctly and mitigated against. Operational risks are monitored at the Council's Performance Board. Strategic risks are discussed at the Performance Board and are reported quarterly to the Governance and Audit Committee, where they are appropriately challenged.

The Council has an Internal Audit function in place. The Internal Audit Plan for the year was presented and discussed at the Governance and Audit Committee. Internal Audit also present regularly to the Committee throughout the year about their progress against the plan and the outcome of their audits, culminating in the Head of Internal Audit Opinion for the financial year.

2. How the body approaches and carries out its annual budget setting process

The budget is prepared by the finance team with input from all individual departments. Departments are not allowed to account for any growth unless it is contractual or inflationary. The Finance team works with the individual departments in putting this together, and once the overall budget is drafted it is reviewed to ensure that there are no large unexplained variances in relation to the previous year or ensure the rationale is clear and linked to corporate or service priorities.

The draft budget is reviewed by the Corporate Management Team, Members, and the Overview and Scrutiny Committee in December for discussion, and to consider any further comments or observations which might need to be factored in. Following that, the budget is presented to Cabinet and the Full Council in February for final approval prior to the start of the financial year.

3. How the body ensures it makes properly informed decisions, supported by appropriate evidence and allowing for challenge and transparency. This includes arrangements for effective challenge from those charged with governance/audit committee.

Cabinet is responsible for overseeing the overall financial performance of the Council. They receive quarterly performance reports to monitor the Council's performance against the budget and updated yearly forecasts.

Non-financial information is considered in the quarterly performance updates that are presented to the Overview and Scrutiny Committee. This includes other relevant management information, progress against targets, and comments to help explain the reported position.

The Council has had the arrangements we would expect to see to enable to make informed decisions and properly manage its risks.

Governance (continued)

4. How the body ensures it makes properly informed decisions, supported by appropriate evidence and allowing for challenge and transparency. This includes arrangements for effective challenge from those charged with governance/audit committee

Committee papers are prepared following a proforma template which considers all the key implications of the report in question. This includes consideration of background, expected benefits, recommendations, implications, and whether there are any wards or communities affected by the decision.

Full Council is the key decision-making body of the Council. Every elected member of the Council is able to attend these meetings and has a vote on all decision items. A decision also requires a majority of voting members approval in order to be passed.

For all other Committees of the Council, there is a 5 day call-in for decisions that are made, which allows Members that do not sit on those Committees to challenge the decisions passed by them. A Member or Members can also ask for any item to be discussed at the Overview and Scrutiny Committee.

The Governance and Audit Committee meets quarterly, and there is an extra meeting in July to review the draft financial statements. This Committee is comprised of appropriately skilled and experienced members (including an independent member), and has clear terms of reference. There is a standing item on the agenda around training, whereby Members can request for additional training should they require it.

5. How the body monitors and ensures appropriate standards, such as meeting legislative/regulatory requirements and standards in terms of officer or member behaviour (such as gifts and hospitality or declarations/conflicts of interests).

The Council has a 'Members Code of Conduct' and a 'Officers Code of Conduct' in place. There is a Gifts and Hospitality Register, which is monitored by HR for officer declarations, and by Democratic Services for Member declarations. Committee meetings all have a standing agenda item for the formal declarations of interests. Declarations for related party transactions are done annually, and Corporate Management Team also perform a Companies House check on Members and senior officers.

The Monitoring Officer is legally responsible for monitoring the compliance of the Council's policies. The Council also has a Deputy Monitoring Officer. The Monitoring Officer deals with any complaints that are raised, and they are also able to engage an independent person, if needed, to review a complaint. The Council has a formal whistleblowing policy in place, with appropriate prominence on the Council's website and for staff.

The Council's policies are reviewed and updated on a regular basis, for example the 'Whistleblowing', the 'Counter-fraud, Corruption, and Bribery', and the 'Anti-money laundering' policies are reviewed every 3 years.

The Council has had the arrangements we would expect to see to enable it to use information about its costs and performance to improve the way it manages and delivers services.

Improving economy, efficiency and effectiveness

1. How financial and performance information has been used to assess performance to identify areas for improvement.

Cabinet reviews the quarterly financial performance reports, and any overspending against budget would be challenged in that forum.

The Governance & Audit Committee and the Overview and Scrutiny Committee also receive quarterly performance reports which look at several key strategic indicators and outlines performance against these. Metrics from each quarter are compared and measured against the targets set by management in areas like customer engagement, information and feedback, environment and community, housing and homelessness, employee workforce, public protection, economy and growth, and planning provision. Where performance falls below target, these reports highlight the action being taken to seek the required improvement.

2. How the body evaluates the services it provides to assess performance and identify areas for improvement

The Council measures its performance through the quarterly performance reports that are presented to the Governance & Audit Committee and the Overview and Scrutiny Committee. Where performance is below plan, these reports highlight the action being taken to seek the required improvement. Individual service managers also report on how to improve and address any issues identified. The Council recognised its duty to achieve Best Value and builds this into its reporting and monitoring.

3. How the body ensures it delivers its role within significant partnerships, engages with stakeholders it has identified, monitors performance against expectations, and ensures action is taken where necessary to improve

The Council's most significant partnership is the Anglia Revenues Partnership (ARP). There is a joint committee for ARP with representatives from each of the five Councils that constitute the Partnership. The Joint Committee meets quarterly and they consider performance against key areas, they monitor the ARP risk register, and consider any other items of relevance to their service delivery.

For other partnerships, the Council holds a Partnership Register, which records the key details of what service is being provided, the key partners involved and the reporting framework around the partnership.

The Council has had the arrangements we would expect to see to enable it to use information about its costs and performance to improve the way it manages and delivers services.

Improving economy, efficiency and effectiveness (continued)

4. How the body ensures that commissioning and procuring services is done in accordance with relevant legislation, professional standards and internal policies, and how the body assesses whether it is realising the expected benefits.

The Council has had the arrangements we would expect to see to enable it to use information about its costs and performance to improve the way it manages and delivers services.

The Council's Constitution sets out policies and procedures that they have to follow to procure services, as well as the delegations to individuals and Committees for acting on the Council's behalf. There is a Procurement department, which is responsible for providing advice on procurement, running the procurement process, and ensuring that established Council procedures are followed.

For larger procurements, the Council can engage an external advisor. The Council currently have the following larger contracts: Waste Collection, Leisure PFI and Capita Planning & Building Control. Each of these have a Performance Board in place to monitor the contract and its delivery. The Board is made up of a representative from the supplier organisation, and a director and service manager from the Council.

Minutes and/or actions of these Performance Board meetings are not reviewed by either the Overview and Scrutiny Committee or the Audit & Governance Committee. We would recommend that consideration is given to the review of these Performance Board papers are reviewed by the Overview & Scrutiny or Governance & Audit Committee and how any issues and actions are incorporated into appropriate risk registers to ensure the overall governance and reporting of those key contracts.

Recommendations

Recommendations

As a result of the VFM procedures we make the following recommendation:

Recommendation: The Council should review how Performance Board papers are reviewed by the Overview & Scrutiny or Governance & Audit Committee and how any issues and actions that come out of the Performance Board or Committee reviews are incorporated into the appropriate risk registers to ensure the overall governance and reporting of those key contracts.

The Council faces further challenge and change beyond 2021 which will form part of our 2021/22 VFM arrangements work.

Forward look

Looking forward to 2021 and beyond, the Council continues to face significant financial pressures over the medium term, which we would expect to see continually updated and reflected within the Medium Term Financial Plan.



Section 5

Other Reporting Issues

Other Reporting Issues

Governance Statement

We are required to consider the completeness of disclosures in the Council's Annual Governance Statement, identify any inconsistencies with the other information of which we are aware from our work, and consider whether it complies with relevant guidance.

We completed this work and had no matters to report.

Whole of Government Accounts

We have not yet performed the procedures required by the National Audit Office (NAO) on the Whole of Government Accounts consolidation pack submission. The guidance for 20/21 is yet to be issued. We will liaise with the Council to complete this work as required.

Report in the Public Interest

We have a duty under the Local Audit and Accountability Act 2014 to consider whether, in the public interest, to report on any matter that comes to our attention in the course of the audit in order for it to be considered by the Council or brought to the attention of the public.

We did not identify any issues which required us to issue a report in the public interest.

Other powers and duties

We identified no issues during our audit that required us to use our additional powers under the Local Audit and Accountability Act 2014.

Control Themes and Observations

As part of our work, we obtained an understanding of internal control sufficient to plan our audit and determine the nature, timing and extent of testing performed. Although our audit was not designed to express an opinion on the effectiveness of internal control, we are required to communicate to you significant deficiencies in internal control identified during our audit.

We have adopted a fully substantive approach and have therefore not tested the operation of controls.

Our audit did not identify any controls issues to bring to the attention of the Governance & Audit Committee.

Appendix A

Audit Fees



Audit Fees

Our fee for 2020/21 is in line with the audit fee reported in our Audit Results Report presented to the Governance & Risk Committee on 30 September 2021.

Description	Final Fee 2020/21 £'s	Scale Fee 2020/21 £'s	Final Fee 2019/20 £'s
Initial Scale Fee – Code work	34,293	34,293	34,293
Fee Variation	TBC (Note 2)	-	16,305 (Note 1)
Revised Scale Fee	TBC		50,598
Agreed Upon Procedures - Housing Benefit Subsidy (Certification Assurance Work)	TBC	-	27,234

Note 1 – PSAA Ltd determined the Fee Variation on 22 October 2021.

Note 2 – For 2020/21, we have re-assessed the scale fee again to take into account the same recurring risk factors as in 2019/20, which includes procedures performed to address the risk profile of the Council and additional work to address increase in Regulatory standards and the financial reporting impact of Covid-19, as we set out in our Audit Results Report. The additional fee for 2020/21 is yet to be fully discussed with management and thus remains subject to determination by PSAA Ltd.

We confirm we have not undertaken any non-audit work.

EY | Assurance | Tax | Transactions | Advisory

Ernst & Young LLP

© Ernst & Young LLP. Published in the UK.
All Rights Reserved.

The UK firm Ernst & Young LLP is a limited liability partnership
registered in England and Wales
with registered number OC300001 and is a member firm of Ernst &
Young Global Limited.

Ernst & Young LLP, 1 More London Place, London, SE1 2AF.

ey.com