

## **REPORT TO AUDIT AND GOVERNANCE**

Date of Meeting: 12<sup>th</sup> February 2025

Report of: Strategic Director of Corporate Resources

Title: Auditor's Annual Report: Value for Money

### **Is this a Key Decision?**

No

### **Is this an Executive or Council Function?**

Council

#### **1. What is the report about?**

- 1.1 This report presents the recommendations from an external audit of the council's governance arrangements with a focus on Value for Money (VfM). It includes the actions that will be taken in response to the auditor's recommendations and sets out how progress will be monitored and reported going forward.

#### **2. Recommendations:**

That the Audit and Governance Committee:

- 2.1 Note the content of the audit report contained in the Annual Auditors report.
- 2.2 Agree that a 6 monthly progress update against the Value for Money recommendations is reported to Audit and Governance Committee.

#### **3. Reasons for the recommendation:**

- 3.1 To ensure that the council's business is conducted in accordance with the law and proper standards and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively.
- 3.2 To provide assurance to the Audit and Governance Committee that the council is reporting against its corporate governance responsibilities.

#### **4. What are the resource implications including non financial resources**

- 4.1 The Strategic Management Board has taken ownership of the recommendations contained in the auditor's report and the respective actions. Delivery of the agreed actions will result in resource implications, but this will be managed through Directorate work plans.

## **5. Section 151 Officer comments:**

- 5.1 Given the backstop and the significant amount of work that the teams are having to undertake in a short period of time, there has been very little time to consider all of the recommendations in detail. It is also worth Members noting that the report relates to the year ending 31 March 2024. SMB are confident that significant progress has been made, particularly in respect of the Key recommendations over the 2025-26 year to ensure that the recommendations have been addressed. However work will continue and be reported to both SMB and Councillors in respect of all the recommendations.

## **6. What are the legal aspects?**

The Local Audit and Accountability Act 2014 requires external auditors to review the extent to which the authority is providing value for money (VFM). There are specific responsibilities imposed on external auditors to carry out a VFM audit in addition to the financial statements audit. Under section 20 of the Act, auditors are required to be satisfied that the local authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

## **7. Monitoring Officer's comments:**

Members will note the requirements to provide a value for money audit in accordance with the legislation set out in the legal aspects above. Members will note that the purpose of this report is to give assurances to members as to how the external auditors recommendations will be addressed.

## **8. Report details:**

- 8.1 The council's auditors undertook an audit of the council's value for money arrangements. All councils are responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in the use of their resources. In total, the Value for Money report identifies 5 Key Recommendations and 17 Improvement Recommendations.
- 8.2 The report and recommendations have been reviewed by the Strategic Management Board and Members are asked to note the following progress in relation to the recommendations made:
- The council has outsourced its internal audit service to the South West Audit Partnership (SWAP) providing access to specialist fraud support. A meeting has now taken place to ensure that this support, which was an integral part of SWAP's quote, is embedded into their work programme.
  - A report has been presented to Executive in January 2025 requesting funding to review the Exeter Business Centre, set out governance arrangements and to conclude any final matters relating to Exeter City Living.
  - A new Officer Procurement and Contract Management Board is being created.

- Work is in progress to review the council's corporate priorities and outcomes as part of the work to develop a new Corporate Plan.
  - A corporate performance management dashboard is being developed to measure progress against the corporate priorities.
  - The Code of Corporate Governance has been published on the council's website.
- 8.3 This work is due for completion within the next 12 months. The council's response to the Audit recommendations can be found in the Annual Auditors report.
- 8.4 Given the significance of the report and recommendations, it has been agreed that all of the recommendations contained in the report are owned and implemented by the Strategic Management Board and that quarterly updates are reviewed at the Strategic Management Board meeting.
- 8.5 It is also proposed that half-yearly updates are reported to Audit and Governance committee to provide assurance to Members that the audit recommendations are being addressed and to allow Members the opportunity to scrutinise and understand the work that is taking place.

## **9. How does the decision contribute to the Council's Corporate Plan?**

- 9.1 Good governance contributes to the Council's purpose of a "Well Run Council."

## **10. What risks are there and how can they be reduced?**

- 10.1 N/A

## **11. Equality Act 2010 (The Act)**

- 11.1 Under the Act's Public Sector Equalities Duty, decision makers are required to consider the need to:
- eliminate discrimination, harassment, victimisation and any other prohibited conduct;
  - advance equality by encouraging participation, removing disadvantage, taking account of disabilities and meeting people's needs; and
  - foster good relations between people by tackling prejudice and promoting understanding.
- 11.2 In order to comply with the general duty authorities must assess the impact on equality of decisions, policies, and practices. These duties do not prevent the authority from reducing services where necessary, but they offer a way of developing proposals that consider the impacts on all members of the community.
- 11.3 In making decisions the authority must take into account the potential impact of that decision in relation to age, disability, race/ethnicity (includes Gypsies and Travellers), sex and gender, gender identity, religion and belief, sexual orientation, pregnant women and new and breastfeeding mothers, marriage, and civil partnership status in coming to a decision.

- 11.4 In recommending this proposal no potential impact has been identified on people with protected characteristics as determined by the Act because the report is for information only.

## **12. Carbon Footprint (Environmental) Implications:**

- 12.1 No direct carbon/environmental impacts arising from the recommendations.
- 12.2 Actions to mitigate the risks identified in the Corporate Risk Register may result in some future impact, however, any actions proposed would be subject to a specific report and the impacts would be considered in that report.

## **13. Are there any other options?**

- 13.1 N/A

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Local Government (Access to Information) Act 1972 (as amended)

Background papers used in compiling this report:-

None

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