

Warwickshire Joint Audit and Standards Committee Report Summary

Meeting Date: 20th December 2021

Subject: External Audit Draft Annual Report 2020-21

Contact details: Jackson Murray and Andy Reid (GT)

Purpose of the Report:

The purpose of this report is to provide to the Joint Audit and Standards Committee the draft external audit annual report. This report includes the commentary on the arrangements in place for value for money.

Recommendation:

For the JASC to note the draft external audit annual report and provide any feedback to the PCC and Chief Constable on its contents.

Background:

The attached report provides an update to the Committee on the progress made by the external auditors on their work in meeting their audit responsibilities as at December 2021, but in respect of the 2020-21 financial year.

As previously discussed the requirement for reporting against value for money are significantly enhanced from previous value for money reporting in terms of the scope and content. This is covered fully in the attached draft report.

Executive Summary:

On 1st April 2020, the National Audit Office introduced a new code of audit practise which comes into effect from audit year 2020/21. The code introduced a revised approach to the audit of value for money.

There are three main changes arising from the NAO's approach:

- A new set of key criteria, covering financial sustainability, governance and improvements in economy, efficiency and effectiveness
- More extensive reporting with a requirement on the auditor to produce a commentary on arrangements across all of the key criteria and
- Auditors undertaking sufficient analysis on the PCC's and Chief Constables VFM arrangements to arrive far more sophisticated judgements on

performance, as well as key recommendations on any significant weaknesses in arrangements identified during the audit.

The code requires auditors to consider whether the body has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources. When reporting on these arrangements, the codes requires auditors to structure their commentary on arrangements under the three specified reporting criteria. A range of recommendations could be made following the completion of work on our arrangements, and these could be statutory recommendations, written under section 24, which would require the body to discuss and respond publicly to the report. This is the most serious recommendation. Lesser recommendations are key recommendations which arise from significant weaknesses in arrangements and sets actions which should be taken. The lowest grade recommendation is an improvement recommendation, which if implemented should improve the arrangements in place, but are not as a result of identifying significant weaknesses the body's arrangement.