

VFM arrangements -Identified significant weaknesses and our recommendations

Weaknesses in Financial Reporting	Recommendation in relation to a significant weakness in Value for Money arrangements	Councils' Actions
<p>The Council's 2019/20 auditor's report included a qualified value for money conclusion due to delays in the production of the draft financial statements, difficulties in dealing with audit queries and the identified (and correction) of a material error. The Audit Findings Report for 2019/20 included an associated recommendation for the Council to examine the root cause of the delays and errors underlying the final accounts preparation process.</p>	<p>The Council Should -</p> <ul style="list-style-type: none"> *Produce a detailed action plan setting out how it intends to bring its accounts production process in line with the national timescales; •Review the capacity within the Council's finance team to build resilience into the accounts production and financial reporting processes; 	<p>A new timetable has been put in place to address the timescales and ensure future target dates are met.</p> <p>The structure and roles and responsibilities within the team have been upskilled and along with dedicated training and new recruitment, the team is now more aligned to meet the financial reporting requirements going forward.</p>
<p>The Council placed the draft 2020/21 financial statements on deposit for public inspection on 13 February 2022, seven months beyond the statutory deadline.</p>	<p>Consider the issues raised as part of the 2020/21 audit in order to strengthen the overall control environment surrounding the preparation of the financial statements; and</p>	<p>This has been addressed through training and recruitment.</p>

Our 2020/21 Audit Completion Report highlighted several issues including the poor quality of the draft financial statements submitted for audit and the significant difficulties encountered during the audit process because of problems with the associated working papers and underlying records. The issues identified affected significant balances within the draft financial statements published by the Council, such as Property, Plant and Equipment where management failed to provide sufficient oversight and challenge over the valuations process. Additionally, our review of committee papers for 2020/21 confirmed the final financial outturn against budget had not been reported to Members. This is one of the seventeen standards set out in the CIPFA Financial Management Code. The financial statements and outturn reports are key to ensuring the Council, its members, its leadership and the wider public understand how effectively its resources have been utilised during the year. In our view, the totality of the issues identified indicate a significant weakness in relation to the governance reporting criteria, in particular how the Council ensures effective processes and systems are in place to communicate relevant, accurate and timely management information; support its statutory financial reporting requirements; and to ensure corrective action is taken where needed. The issues identified in the 2020/21 audit are also indicative of a lack of progress in addressing the weaknesses identified in the 2019/20 audit.

Ensure the final outturn financial position is reported through the Council's committee structure each year end. This should include a detailed analysis of movements against budget and the associated impact on the Council's financial strategy, in order to allow sufficient scrutiny and challenge by the Council's elected Members and ensure effective public reporting.

For the financial year 2022/2023 the final draft outturn figures were reported at the Cabinet meeting 21st June 2023.