Lee Valley Regional Park Authority **LEE VALLEY REGIONAL PARK AUTHORITY** **AUDIT COMMITTEE** **20 JUNE 2024 AT 13:00**	**Agenda Item No:** **11** **Report No:** **AUD/151/24**

VALUE FOR MONEY INTERIM REPORT FOR 2021/22 AND 2022/23

Presented by the Head of Finance

SUMMARY

This report sets out the External Auditors Interim Report on the Authority's Value for Money Arrangements for 2021/22 and 2022/23.

RECOMMENDATION

Members Note:	(1)	the Value for Money Interim Report for 2021/22 and 2022/23 attached at Appendix A to this report.

BACKGROUND

1 The Accounts and Audit Regulations, as per the 2022 amendment, required that along with the Financial Accounts, authorities publish any audit report. A Value for Money (VfM) assessment is reported in the Auditors Annual Report, which is issued on conclusion of the audit.

2 Due to significant delays in approval of accounts across the local government sector, the Department for Levelling Up, Housing & Communities (DLUHC) led consultations on the proposals for clearing the audit backlog ran between February and March 2024 with the proposed first phase of this involving a reset to clear the backlog of historical audit opinions up to and including financial year 2022/23 by 30 September 2024. As at 18 June 2024, the outcome of these consultations have yet to be published.

The National Audit Office (NAO) issued their consultation seeking views on changes to the Code of Audit Practice to support auditors to meet backstop dates and promote timelier reporting of their work on value for money arrangements.

3 Whilst this consultation did propose a reduction in the scope of the VfM reporting up to and including the 2022/23 financial year, it does allow that where auditors had begun, or already undertaken work that no longer falls under the reduced scope, they may still report on it. It also allows for a single VfM report covering all years to 2022/23 still outstanding.

4 Ernst and Young (EY), the Authority's auditors have continued to report VfM in line with the responsibilities as set out in the 2020 Code of Audit Practice to ensure a smooth transition to the 2023/24 audit year when auditors are required to meet the full Code reporting responsibilities.

5 The VfM report is not the report on the financial statements, and subject to the outcome of the backstop consultations, that opinion on the 2021/22 and 2022/23 accounts will be presented when available.

VALUE FOR MONEY COMMENTARY 2021/22 AND 2022/23

6 The report sets out the following areas which have been assessed up to the point of issuing this interim report:

- any identified risks of significant weakness, having regard to the three specified reporting criteria;
- an explanation of the planned responsive audit procedures to the significant risks identified;
- findings to date from planned procedures; and
- summary of arrangements over the period covered by this report.

7 The three specific reporting areas are set out below.

Financial sustainability: How the Authority plans and manages its resources to ensure it can continue to deliver its services.

Governance: How the Authority ensures that it makes informed decisions and properly manages its risks.

Improving economy, efficiency and effectiveness: How the Authority uses information about its costs and performance to improve the way it manages and delivers its services.

The Auditor concluded that there were **no risks of significant weaknesses identified within any of these areas**.

Full commentary on the arrangements in place are containing in the appendix to the Auditors VfM report.

8 The Auditors highlighted one area within the Governance arrangements around the statutory deadlines for the publication of the draft accounts in line with Regulations. However, they have highlighted that whilst not meeting the statutory date, we did publish notices on the delay on statutory requirements, and when possible, did subsequently meet the requirement under Regulations.

However, they did recognise that this was due to the impact of the significant amendments required to the 2020/21 financial statements, and that the audit for that year was not concluded until October 2023.

ENVIRONMENTAL IMPLICATIONS

9 There are no environmental implications arising directly from the recommendations in this report.

EQUALITY IMPLICATIONS

10 There are no equality implications arising directly from the recommendations in this report.

FINANCIAL IMPLICATIONS

11 There are no financial implications arising directly from the recommendations in this report.

HUMAN RESOURCE IMPLICATIONS

12 There are no human resource implications arising directly from the recommendations in this report.

LEGAL IMPLICATIONS

13 There are no legal implications arising directly from the recommendations in this report.

RISK MANAGEMENT IMPLICATIONS

14 There are no risk management implications arising directly from the recommendations in this report.

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APPENDIX ATTACHED

Appendix A Value for Money Interim Report For 2021/22 and 2022/23

ABBREVIATIONS

DLUHC	Department for Levelling Up, Housing and Communities
EY	Ernst and Young
VfM	Value for Money
NAO	National Audit Office

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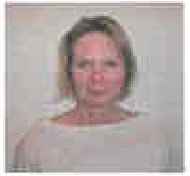
Lee Valley Regional Park Authority

Value for Money Interim Report

Years ended 31 March 2022 and 31 March 2023

14June 2024



14 June 2024

Audit Committee Members
Lee Valley Regional Park Authority
Myddelton House,
Bulls Cross,
Enfield
EN2 9HG

Dear Audit Committee Members

Interim Value for Money Report 2021/22 and 2022/23

We are pleased to attach our interim commentary on the Value for Money (VFM) arrangements for Lee Valley Regional Park Authority (LPRPA). This commentary explains the work we have undertaken during the year and highlights any significant weaknesses identified along with recommendations for improvement. The commentary covers our interim findings for audit years 2021/22 and 2022/23.

The Department for Levelling Up, Housing and Communities (DLUHC) has worked collaboratively with the FRC, as incoming shadow system leader, and other system partners, to develop measures to address the delay in local audit. The National Audit Office (NAO) issued a consultation on 8 February 2024 seeking views on changes to the Code of Audit Practice (the Code) to support auditors to meet backstop dates and promote more timely reporting of their work on value for money arrangements. The consultation proposes to reduce the scope of the VFM reporting up to and including the 2022/23 financial year. At this stage, we are continuing to report VFM in line with our existing responsibilities as set out in the 2020 Code.

This report is intended solely for the information and use of the Audit Committee and management. It is not intended to be and should not be used by anyone other than these specified parties.

We welcome the opportunity to discuss the contents of this report with you at the Audit Committee meeting on 20 June 2024.

Yours faithfully

Debbie Hanson

Partner

For and on behalf of Ernst & Young LLP

Encl

Contents

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/auditquality/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 July 2021)" 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 Audit Committee and management of Lee Valley Regional Park Authority in accordance with the statement of responsibilities. Our work has been undertaken so that we might state to the Audit Committee and management of Lee Valley Regional Park Authority 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 Audit Committee and management of Lee Valley Regional Park Authority for this report or for the opinions we have formed. It should not be provided to any third-party without our prior written consent.

01 Executive Summary

Executive Summary

Purpose

Auditors are required to be satisfied that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We do not issue a 'conclusion' or 'opinion', but where significant weaknesses are identified we will report by exception in the auditor's opinion on the financial statements. In addition, auditors provide an annual commentary on arrangements published as part of the Auditor's Annual Report. In doing so, we comply with the requirements of the 2020 Code of Audit Practice (the Code) and Auditor Guidance Note 3 (AGN 03).

The purpose of this interim commentary is to explain the work we have undertaken during the period 1 April 2021 to 31 March 2023 and highlight any significant weaknesses identified along with recommendations for improvement. The commentary covers our interim findings for audit years 2021/22 and 2022/23. The NAO has confirmed that where VFM reporting is outstanding for more than one year, the auditor can issue one report covering all years.

The Department for Levelling Up, Housing and Communities (DLUHC) has worked collaboratively with the Financial Reporting Council (FRC), as incoming shadow system leader, and other system partners, to develop measures to address the delay in local audit. As part of the NAO consultation issued on 8 February 2024, there is a proposal to reduce the scope of the VFM reporting up to and including the 2022/23 financial year. However, the consultation states that where auditors have begun or already undertaken work that no longer falls under the reduced scope (if agreed once the consultation closes), they may still report on it in accordance with Schedule 4. We are continuing to report VFM in line with our existing responsibilities as set out in the 2020 Code to ensure a smooth transition to the 2023/24 audit year when auditors are required to meet the full Code reporting responsibilities.

The report sets out the following areas which have been assessed up to the point of issuing this interim report:

- Any identified risks of significant weakness, having regard to the three specified reporting criteria;
- An explanation of the planned responsive audit procedures to the significant risks identified;
- Findings to date from our planned procedures; and
- Summary of arrangements over the period covered by this report (Appendix A).

We will summarise our final view of the value for money arrangements as part of the Auditor's Annual Report once the audit reports have been issued for 2021/22 and 2022/23.

Executive Summary (continued)

Risks of Significant Weakness

In undertaking our procedures to understand the Authority's arrangements against the specified reporting criteria, we identify whether there are risks of significant weakness which require us to complete additional risk-based procedures. AGN 03 sets out considerations for auditors in completing and documenting their work and includes consideration of:

- **our cumulative audit knowledge and experience as your auditor;**
- reports from internal audit which may provide an indication of arrangements that are not operating effectively;
- our review of Authority committee reports;
- meetings with management;
- information from external sources; and
- evaluation of associated documentation through our regular engagement with Authority management and the finance team.

We completed our risk assessment procedures and did not identify any significant weaknesses in the Authority's VFM arrangements.

As a result, we have no matters to report by exception at this stage of the audit and we will update our interim reporting as part of issuing the final commentary in the Auditor's Annual Report later in the year.

Executive Summary (continued)

Reporting

Our interim commentary for 2022/23 and 2021/22 is set out over pages 10 to 15. The interim commentary on these pages summarises our understanding of the arrangements at the Authority based on our evaluation of the evidence obtained in relation to the three reporting criteria (see table below) throughout 2021/22 and 2022/23. We include within the VFM commentary below the associated recommendations we made and will agree responses to with the Authority.

Appendix A includes the detailed arrangements and processes underpinning the reporting criteria. These were reported in our 2020/21 Auditor's Annual Report and have been updated for 2021/22 and 2022/23.

In accordance with the NAO's 2020 Code, we are required to report a commentary against the three specified reporting criteria. The table below sets out the three reporting criteria, whether we identified a risk of significant weakness as part of our planning procedures, and whether, at the time of this interim report, we have concluded that there is a significant weakness in the body's arrangements.

Reporting Criteria	Risks of significant weaknesses in arrangements identified?	Actual significant weaknesses in arrangements identified?
Financial sustainability: How the Authority plans and manages its resources to ensure it can continue to deliver its services	No risks of significant weaknesses identified	No significant weakness identified
Governance: How the Authority ensures that it makes informed decisions and properly manages its risks	No risks of significant weaknesses identified	No significant weakness identified
Improving economy, efficiency and effectiveness: How the Authority uses information about its costs and performance to improve the way it manages and delivers its services	No risks of significant weaknesses identified	No significant weakness identified

Executive Summary (continued)

Independence

The FRC Ethical Standard requires that we provide details of all relationships between Ernst & Young (EY) and the Authority, and its members and senior management and its affiliates, including all services provided by us and our network to the Authority, its members and senior management and its affiliates, and other services provided to other known connected parties that we consider may reasonably be thought to bear on the our integrity or objectivity, including those that could compromise independence and the related safeguards that are in place and why they address the threats.

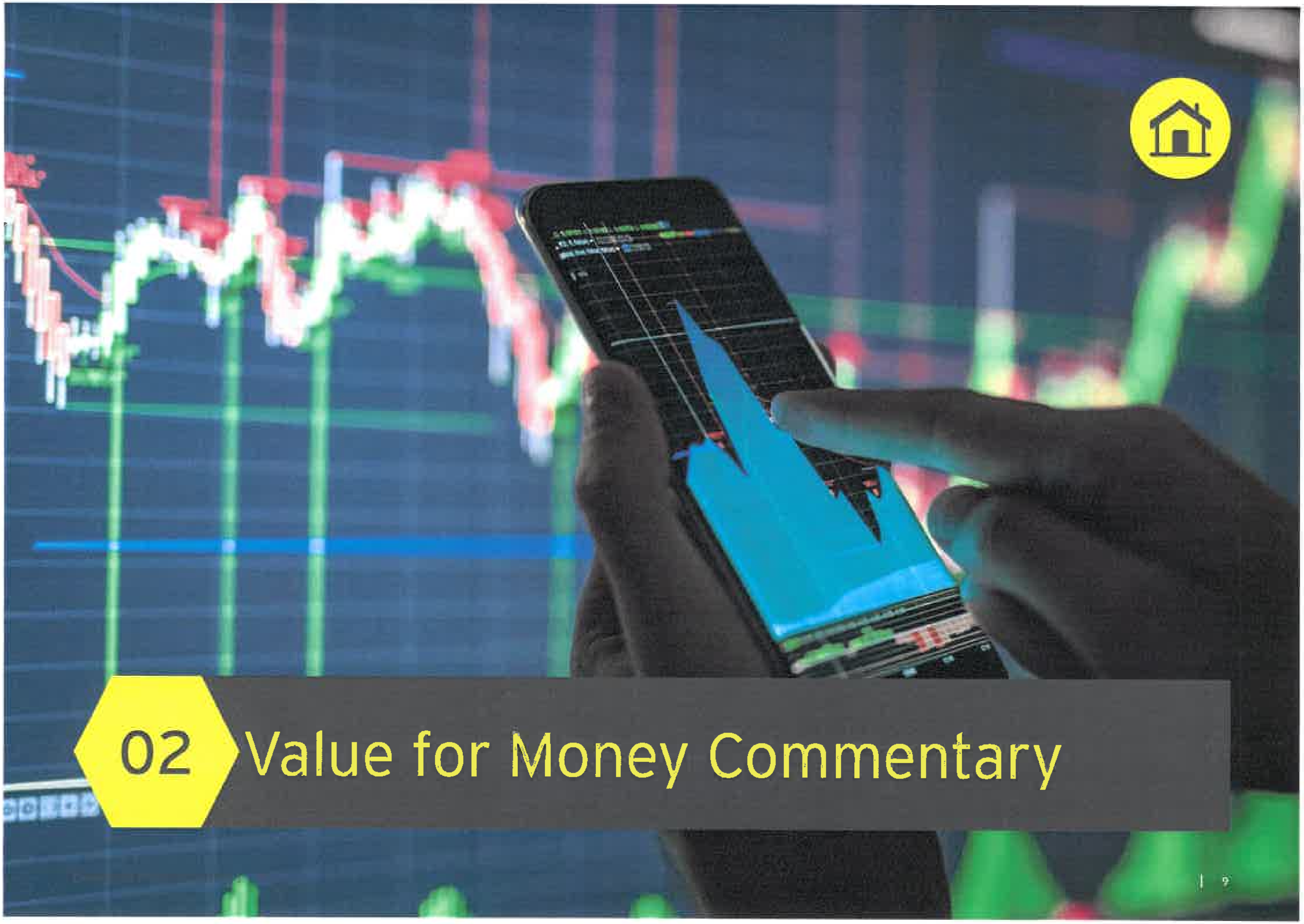
There are no relationships from 01 April 2021 to the date of this report, which we consider may reasonably be thought to bear on our independence and objectivity.

EY Transparency Report 2023

Ernst & Young (EY) has policies and procedures that instil professional values as part of firm culture and ensure that the highest standards of objectivity, independence and integrity are maintained.

Details of the key policies and processes in place within EY for maintaining objectivity and independence can be found in our annual Transparency Report which the firm is required to publish by law. The most recent version of this Report is for the year end 30 June 2023:

EY UK 2023 Transparency Report | EY UK



02 Value for Money Commentary

Value for Money Commentary

Financial Sustainability: How the Authority plans and manages its resources to ensure it can continue to deliver its services

No significant weakness identified

The Authority is required to have arrangements in place to ensure proper resource management and the primary responsibility for these arrangements, and reporting on the design and operation of these arrangements via the Annual Governance Statement, rests with management. In accordance with the National Audit Office (NAO)'s Code the focus of our work should be on the arrangements that the Authority is expected to have in place during the years ended 31 March 2022 and 2023.

Our risk assessment did not identify any risk of significant weakness in arrangements to secure financial sustainability.

The Authority's Medium Term Financial Plan (MTFP) covers a five-year rolling period starting the year following the current year. The context in which the Authority's Budget is set is influenced by:

- The levy, and its commitment to providing exceptional recreational and leisure experiences for the community.
- Commercial and business activities- to reduce the reliance on the levy.
- Statutory remit- to develop and preserve leisure, recreation, sport and nature.
- Investments and future plans.

2021/22

A balanced budget was set for 2021/22 based on the following considerations and assumptions, which we consider to be reasonable:

- 0% or 2% increase in the levy.
- The outcome of service efficiency reviews.
- That future year surpluses can be invested in the Park.
- Maintenance of the medium-term general reserves policy of between £3 million and £4 million.
- Projections of future capital reserves position and required contributions to capital from revenue.

The outturn position and budget pressures identified in the previous year were also considered as part of the budget setting process to ensure they are adequately addressed in the next years' budget. The Executive Committee receive reports on revenue and capital budget monitoring on a quarterly basis. A monthly process of budget monitoring takes place at an officer level to identify variation from budget and any necessary corrective action.

Value for Money Commentary

Financial Sustainability: How the Authority plans and manages its resources to ensure it can continue to deliver its services

No significant weakness identified

For 2021/22, the Authority reported a net budget underspend of approximately £325,000 against the budgeted revenue surplus for the year of £45,000. This was subsequently updated during the closure of accounts process to £429,000 as a result of adjustments related to capital accounting, stock valuations, and year-end accruals.

The Authority maintains renewal and repair funds to replace equipment and for major repairs to buildings or structures that cannot be funded in one year from service revenue budgets. An insurance fund is also maintained to self-insure certain risks that are not otherwise covered by the insurance policies of the Authority. The Authority's latest Reserves Policy states that the Authority should maintain a minimum general reserve balance of between £3 million and £4 million. At 31 March 2022 the unallocated general fund reserves was £3.1 million and £3.0 million at 31 March 2023. The total of all revenue reserves, included any earmarked reserves, such as for repairs renewals or self-insurance, stood at £5.8 million at the end of 2021/22 and £5.1 million at the end of 2022/23.

For 2022/23, the Authority's budget included the below key assumptions, which are considered to be reasonable;

- 0% change in the levy in 2022/23
- The outcome of service efficiency reviews.
- That future year surpluses can be invested in the Park.
- The proposed levy for 2022/23 was set at £9.768 million, based on a 0% change against the 2021/22 levy
- Maintenance of the medium-term general reserves policy of between £3 million and £4 million
- Projections of the future capital reserves position and required contributions to capital from revenue.

The 2023/24 Medium Term Financial Forecast (MTFF) and budget forecast a £2.6 million deficit for 2023/24 based on no increase in the levy or any further mitigation, of which £1.6 million was due to energy price increases. Total net saving of £1.9 million reduced the forecast deficit to £1.3 million. As part of the 2023/24 Budget setting and MTFF update in January 2023, Members agreed to a 9% increase in the levy to help address the gap as well as the establishment of a £0.6 million contingency for reduced income and increased energy costs. The increase in the levy produced additional income of £0.879 million and therefore reduced the draw on reserves to £0.448 million.

The impact of the mitigating factors reduced the impact of the budget deficit on the general reserves balance, but still reduced the forecast general reserve balance to £1.47 million, which was significantly below the level of between £3 million and £4 million recommended by the Section 151 Officer. The decision to increase the levy reduced the call on reserves and as result the general reserve balance was forecast to be £2.35 million, which is still below the recommended level.

Value for Money Commentary

Financial Sustainability: How the Authority plans and manages its resources to ensure it can continue to deliver its services

No significant weakness identified

Conclusion: Based on the work performed, the Authority had proper arrangements in place in 2021/22 and 2022/23 to enable it to plan and manage its resources to ensure that it can continue to deliver its services

Value for Money Commentary (continued)

Governance: How the Authority ensures that it makes informed decisions and properly manages its risks

No significant weakness identified

The Authority is required to have arrangements in place to ensure proper governance and risk management and the primary responsibility for these arrangements and reporting on the design and operation of these arrangements via the Annual Governance Statement rests with management. In accordance with the NAO's Code the focus of our work should be on the arrangements that the audited body is expected to have in place during the years ended 31st March 2022 and 2023.

The Authority has a Corporate Risk Management Framework which includes the requirement to identify strategic and operational risks, assess those risks for likelihood and impact, identify mitigating controls and allocate responsibility for those controls. The Authority maintains and reviews a register of its business risks, linking them to strategic business objectives and assigning ownership for each risk. Risk Management is led at Director level and matters of risk for the Authority are reported directly to each Audit Committee meeting.

The Authority has an Internal Audit service that provides an independent and objective opinion on the review of the effectiveness of the Authority's governance framework, including the system of internal control by undertaking a planned programme of work which is reported to the Audit Committee. Although the Head of Internal Audit's overall control opinion was 'moderate assurance' in both 2021/22 and 2022/23, Internal Audit only issued one 'limited level assurance' report in 2021/22 (in respect of HR - Leave/Absence) and two 'limited level of assurance reports in 2022/23 (in respect of Estates and Facilities: maintenance and statutory compliance and Staff Training and Development). Although we are satisfied that reasonable plans were put in place to address the issues highlighted by the reviews, a review by Internal Audit in 2022/23 to assess progress in the implementation of recommendations from the limited assurance reviews showed that actions to implement four of the 2022/23 recommendations remained outstanding. The Authority's Annual Governance Statement (AGS) for 2021/22 also initially reported a substantial assurance opinion rather than the moderate assurance opinion actually given. The AGS for both 2021/22 and 2022/23 **also omitted** the following;

- **an agreed action plan showing actions taken, or proposed, to deal with significant governance issues:**
- **reference to how issues raised in the previous year's Annual Governance Statement have been resolved; and**
- **a conclusion – a commitment to monitoring implementation as part of the next annual review.**

We are, however, satisfied that the Authority's 2021/22 and 2022/23 Annual Governance Statements were generally consistent with our knowledge of the Authority and substantially compliant with disclosure requirements.

Overall, we are satisfied that there are no risks of significant weaknesses within the Authority's governance arrangements. However, we recommend that the Authority continues its increased focus on monitoring implementation of Internal Audit recommendations to ensure they are implemented on timely basis. Where there is slippage, the Audit Committee should ensure relevant officers attend meetings to provide updates and explanations and agree actions and timelines to ensure the recommendations are implemented.

Value for Money Commentary (continued)

Governance: How the Authority ensures that it makes informed decisions and properly manages its risks

No significant weakness identified

Other matters:

The Authority published its draft 2021/22 and 2022/23 financial statements for audit on the 16 February 2024 and 15 April 2024 respectively. The Authority therefore did not meet the statutory deadlines within the Accounts and Audit Regulations for the publication of draft financial statements for public inspection by the 31 May 2022 and 31 May 2023 respectively. The Authority did publish notices referring to the fact that the statutory requirements have not been met.

The Authority also published a notice in relation to the fact that the audited financial statements for both 2021/22 and 2022/23 had not been completed. The Authority did advertise and hold an inspection period for members of the public.

Although the Authority therefore did not comply with the statutory requirements for the publication of either draft or audited financial statements for 2021/22 or 2022/23, we recognise that this was due to the impact of the significant amendments required to the 2020/21 financial statements and the fact that the audit for this year was not completed until 19 October 2023. The issues impacting on the 2020/21 financial statements resulted in requirement for material changes to the subsequent financial years and this impacted on the Authority's ability to publish draft financial statements which the Section 151 Officer could certify as presenting a true and fair view. We are therefore satisfied that this does not represent a significant weakness in governance arrangements in terms of financial reporting.

We confirmed that the 2021/22 and 2022/23 draft financial statements were arithmetically correct. For 2021/22 we have also agreed the accounts to the data in the general ledger and have confirmed that the accounts were prepared in line with the content required by the CIPFA Code of Practice on Local Authority Accounting. We have also confirmed that the Authority also carried out bank reconciliations 2021/22. This work has not yet been completed on the 2022/23 accounts due to the timing of them being made available. Based on the work we have completed we are satisfied that there are no indications of significant weaknesses in the Authority's financial reporting arrangements in either 2021/22 or 2022/23.

Conclusion: Based on the work performed, the Authority had proper arrangements in place in 2021/22 and 2022/23 to make informed decisions and properly manage its risks.

Recommendations:

The Authority should:

- Continue to actively monitor the implementation of Internal Audit recommendations to ensure they are actioned on a timely basis, particularly where they have been raised as part of 'limited assurance' reviews.
- Ensure relevant officers attend Audit Committee meetings to provide updates, explanations, agree actions and timelines for the implementation of recommendations where there is slippage in implementation against agreed timetables.

Value for Money Commentary (continued)

Improving economy, efficiency and effectiveness: How the Authority uses information about its costs and performance to improve the way it manages and delivers its services

No significant weakness identified

The Authority is required to have arrangements in place to ensure economy, efficiency and effectiveness, and the responsibility for these arrangements and reporting on the design and operation of these arrangements via the Annual Governance Statement, rests with management. In accordance with the NAO's Code the focus of our work should be on the arrangements that the audited body is expected to have in place during the years ended 31st March 2022 and 2023.

Our risk assessment did not identify a significant weakness in arrangements in place to ensure economy, efficiency and effectiveness .

As previous reported in our 2020/21 Auditor's Annual Report, we assessed the governance arrangements relating to the Ice Centre Development project. The project was completed on 11 May 2023 and the Centre was turned over to the Authority. A number of defects were identified which the contractor was required to remedy under the terms of the contract. On 4 September 2023, the contractor entered into administration, appointing Grant Thornton as the administrator. As of date, the contractor officially ceased to continue with any contracts they were involved with. Prior to this, there had been positive commercial discussions between the contractor and the Authority, and an agreed settlement was ready for finalising.

The Authority withheld part of the payments as warranties and the value of these are sufficient to cover the remedial works required. The latest reported spend on the project is £28.8 million against a budget of £30 million. The development has predominantly been funded by borrowing of £24 million, with a further £5 million contribution from capital receipts and £1 million from the London Borough of Waltham Forest. The Authority has adopted an approach of short-term loans (up to a maximum of two years) whilst monitoring interest rates. Maturing loans are then refinanced by further short terms loans, until it is a position to either borrow longer term, or finance from capital receipts.

Our review of the latest minutes of meetings noted that the Authority approved actions to;

- terminate the contract with the contractor;
- make claims for the outstanding liquidated damages owed to it; and
- require the contractor's sub-contractors to remedy defects under collateral warranties to employ third parties to undertake remaining outstanding snagging and defect works.

We are therefore satisfied that there is no negative financial impact on the Authority from the contractor going into administration and the project has been managed within budget.

We also note that the Authority has a capital commitment in 2023/24 of £509,000 in relation to the creation of a new health & fitness facility and meeting space at Lee Valley Velo Park.

Value for Money Commentary (continued)

Improving economy, efficiency and effectiveness: How the Authority uses information about its costs and performance to improve the way it manages and delivers its services

No significant weakness identified

The Authority has a Strategic Business Plan which is underpinned by a financial strategy that aims to optimise the use of financial resources to meet business objectives including maintaining a strong financial position. The Authority continually reviews its business plan setting out service objectives and business priorities for the coming period and is underpinned by the MTFP.

To deliver its statutory objectives, the Authority uses non-financial (as well as financial) Key Performance Indicators (KPIs) to measure in year performance with other Performance Indicators (PIs) underpinning the KPIs and these KPIs are reviewed in line with the business plan. Revenue monitoring and scrutiny scorecard reports are presented to Members. This enables Members to monitor the financial position against budget as well as performance against key performance indicators, identifying over and under performance and any actions required to improve performance.

The behaviour of Authority Members is regulated through a Model Code of Conduct made by statutory instrument, which is adopted and regulated within their own Councils' systems, and which is supported by a Members' planning code of good practice within this Authority. The Authority has an approved Conflict of Interests/Loyalties Protocol which sits as an Appendix to Standing Orders. Employees are also subject to a Code of Conduct and a number of specific policies which are set out in the Employee Handbook. Advice on these matters is embedded through ongoing training.

The Authority is not required to have a formal constitution but has adopted a traditional local authority style committee model. Policy and decision making are facilitated by a clear framework of delegation set out in the Lee Valley Regional Park Act 1966, the Authority's Standing Orders and Financial Regulations.

The Authority was not subject to any external inspections.

Significant partnerships are reported to Members who take decisions where required. Lead officers are identified for each partnership and budgets are approved by the Authority.

Conclusion: Based on the work performed, the Authority had proper arrangements in place in 2022/23 to enable it to use information about its costs and performance to improve the way it manages and delivers services..

03 Appendices

Appendix A - Summary of arrangements

Financial Sustainability

We set out below the arrangements for the financial sustainability criteria covering the years 2021/22 and 2022/23.

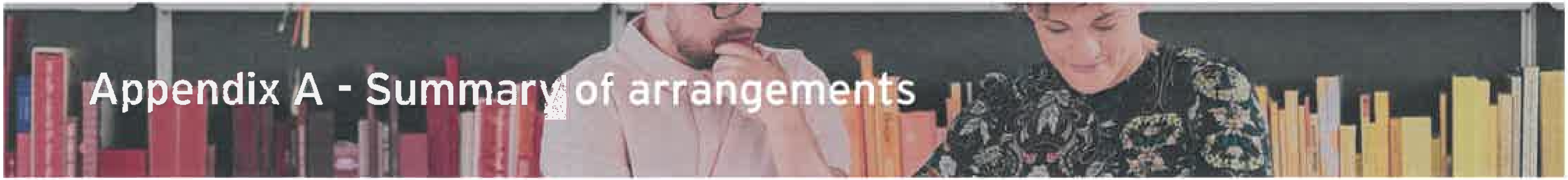
Reporting criteria considerations	Arrangements in place
How the body ensures that it identifies all the significant financial pressures that are relevant to its short and medium-term plans and builds these into them	▪ The annual budget setting process and Medium-Term Financial Plan (MTFP) take into account significant financial pressures. Budget monitoring is completed by the Senior Management team with quarterly budget monitoring being reported to Members. ▪ Any financial issues are reported throughout the year and form part of the assessment of the MTFP.
How the body plans to bridge its funding gaps and identifies achievable savings	▪ Savings are identified throughout the year as part of the budget monitoring process, with an emphasis on identifying savings during the budget setting process. Funding is addressed through the MTFP and annual budget setting process. ▪ Gaps are planned to be bridged through savings already identified and using reserves while further savings are sought and delivered. Savings may be identified through asking managers to identify savings as part of the budget process, senior management team reviewing service budgets and proposing savings to service managers and identifying savings from service reports. ▪ The annual budget and levy are set at an appropriate level, with the long-term objective of reducing the reliance on the levy which has been achieved over a number of years
How the body plans finances to support the sustainable delivery of services in accordance with strategic and statutory priorities	▪ Financing is kept under constant review during the year as part of the budget monitoring process. An assessment of risk is undertaken against reserves and funds are set aside to support modernisation and digital programmes of work, along with key risks. ▪ The MTFP is prepared with close working with the senior management team, allowing strategic, service and statutory priorities to be identified and included. All growth items are linked to the annual work programme. The budget is set at a level to deliver the strategic aims as set out in the annual work programme.

Appendix A - Summary of arrangements

Financial Sustainability (continued)

We set out below the arrangements for the financial sustainability criteria covering the years 2021/22 and 2022/23.

Reporting criteria considerations	Arrangements in place
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 budget is agreed alongside the capital strategy and programme. Staffing requirements are built in at the start of the budget process. ▪ The MTFP is prepared and monitored with close working with the senior management team and service managers, enabling close alignment with other plans.
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 Authority holds a level of reserves which may be called upon to deal with unforeseen circumstances, for example some reserves are used to deal with unplanned costs. ▪ The corporate risk register is reported to the Audit Committee. Contingencies are built into budgets where significant risk is anticipated. ▪ The reserves policy ensures that there are sufficient funds in reserve to meet unforeseen circumstances.



Appendix A - Summary of arrangements

Governance

We set out below the arrangements for the governance criteria covering the years 2021/22 and 2022/23

Reporting criteria considerations	Arrangements in place
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 system of internal control, including fraud prevention and detection, is a significant part of the governance of the Authority and is designed to manage risk to a reasonable level. ▪ The system of internal control is based on an on-going process designed to identify, prioritise, and address the risks to the Authority. ▪ In addition to the regular reviews by Executive Committee, the Audit Committee oversees the risk management approach and work of internal audit which provides assurance on the effective operation of the overall governance framework. ▪ The Anti-Fraud, Bribery and Corruption and Whistle Blowing Policies and Fraud Response Plan are reported to Audit Committee.
How the body approaches and carries out its annual budget setting process	▪ The budget setting process involves the Executive Committee to a very strong degree. It begins in the summer prior to the first financial year of the next MTFP update. ▪ The senior management team are issued with the Budget Guidance, which guides them on the processes and deadlines. The information is gathered centrally and collated by finance who produce reports for EXCO to consider, before the final MTFP and levy resolution are approved in the February immediately prior to the start of the financial year.
How the body ensures effective processes and systems are in place to ensure budgetary control; to communicate relevant, accurate and timely management information (including non-financial information where appropriate); supports its statutory financial reporting requirements; and ensures corrective action is taken where needed	▪ The Executive Committee receive reports on revenue and capital budget monitoring on a quarterly basis. ▪ A monthly process of budget monitoring takes place at an officer level to identify variation from budget and corrective action.

Appendix A - Summary of arrangements

Governance (continued)

We set out below the arrangements for the governance criteria covering the years 2021/22 and 2022/23

Reporting criteria considerations	Arrangements in place
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	▪ The governance structure of the Authority ensures that decision making involves Members where appropriate. ▪ Reports to Members are scrutinised and challenged with sufficient time built in to allow Members time to review reports before meetings.
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)	▪ Compliance with legislative and regulatory requirements are monitored through various mechanisms. The Monitoring Officer maintains a register of interests for Members which is published on the Authority's website. For Officers, the Authority has a policy in relation to gifts and hospitality. ▪ There is also a separate Declaration of Interests policy. Another control is the Monitoring Officer's oversight on standards.

Appendix A - Summary of arrangements

Improving economy, efficiency and effectiveness

We set out below the arrangements for improving economy, efficiency and effectiveness criteria covering the years 2021/22 and 2022/23.

Reporting criteria considerations	Arrangements in place
How financial and performance information has been used to assess performance to identify areas for improvement	▪ Revenue monitoring and scrutiny scorecard reports are presented to Members. This enables Members to monitor the financial position against budget as well as performance against key performance indicators, identifying over and under performance and any actions required to improve performance.
How the body evaluates the services it provides to assess performance and identify areas for improvement	▪ The key performance indicators in the Authority's performance framework include areas such as customer satisfaction, usage, quality and quest / green flag awards that assess the quality of services.
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	▪ Significant partnerships are reported to Members who take decisions where required. Lead officers are identified for each partnership and budgets are approved by the Authority.

Appendix A - Summary of arrangements

Improving economy, efficiency and effectiveness (continued)

We set out below the arrangements for improving economy, efficiency and effectiveness criteria covering the years 2021/22 and 2022/23.

Reporting criteria considerations	Arrangements in place
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 Authority's Financial Regulations set out the procurement processes for the organisation. The procurement team have processes in place to ensure these are adhered to. ▪ Significant contracts are managed centrally by identified officers. Other contracts are managed locally by the lead officers. KPIs and other management tools are built into contracts.

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