

Audit Committee Update

Somerset County Council

10 November 2017

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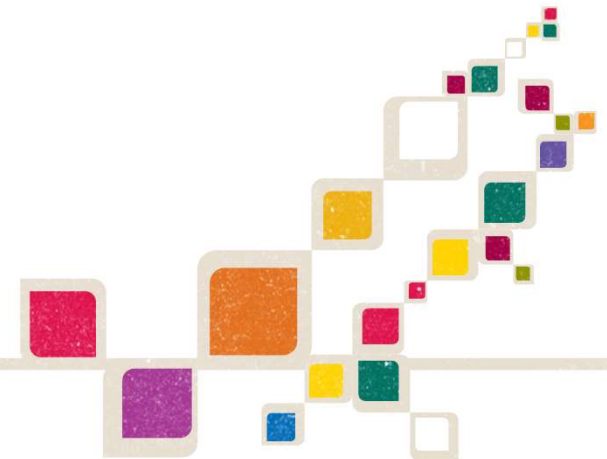
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The contents of this report relate only to the matters which have come to our attention, which we believe need to be reported to you as part of our audit process. It is not a comprehensive record of all the relevant matters, which may be subject to change, and in particular we cannot be held responsible to you for reporting all of the risks which may affect your business or any weaknesses in your internal controls. This report has been prepared solely for your benefit and should not be quoted in whole or in part without our prior written consent. We do not accept any responsibility for any loss occasioned to any third party acting, or refraining from acting on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.



Introduction

This paper provides the Audit Committee with a report on progress in delivering our responsibilities as your external auditors.

We have included an overall summary of progress in delivering this year's audit. We have also taken the opportunity to include short briefings on current issues and our latest publications.

Members of the Audit Committee can find further useful material on our website, www.grant-thornton.co.uk, where we have a section dedicated to our work in the public sector. Here you can download copies of our publications.

If you would like further information on any items in this briefing, or would like to register with Grant Thornton to receive regular email updates on issues that are of interest to you, please contact either your Engagement Lead or Engagement Manager.



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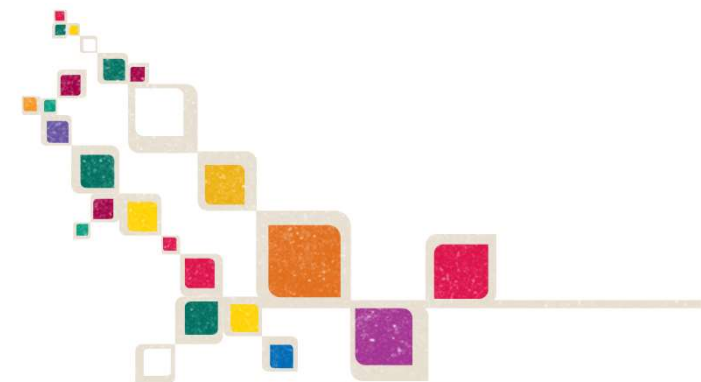
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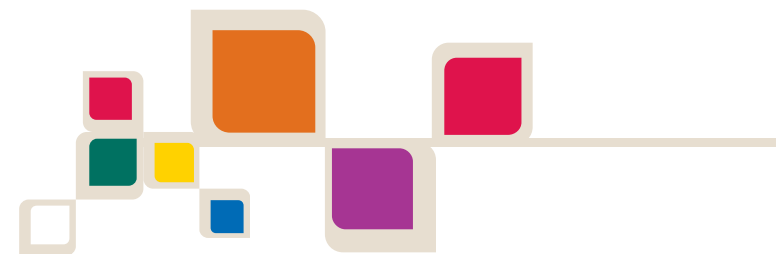
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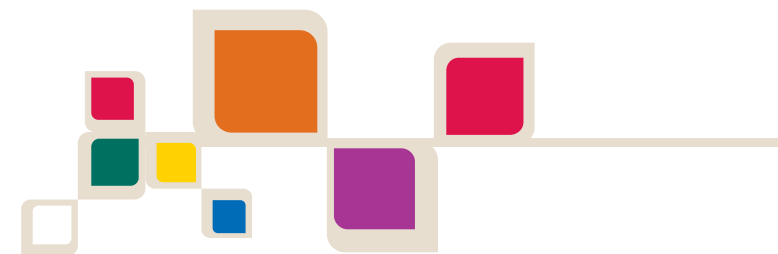


Progress at 9 November 2017



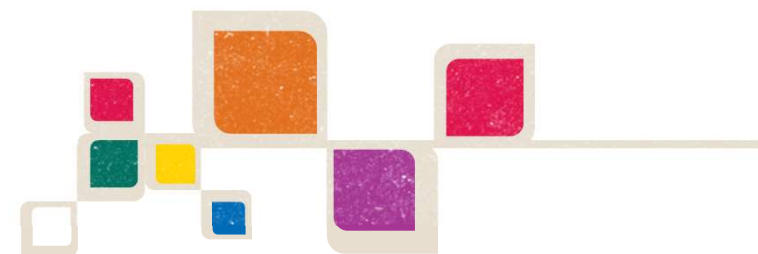
2016/17	Planned Date	Complete?	Comments
<p>Annual Audit Letter Our annual audit letter for 2016/17 is included within the Audit Committee papers for the meeting on 23 November. A copy of this letter was provided to Public Sector Audit Appointments (PSAA) by the deadline of 30 October.</p> <p>PSAA will make Annual Audit Letters for all local authorities publicly available on their website.</p>	30 October 2017	Yes	
<p>Certification Work</p> <p>At the time of writing, our work on the Teachers Pensions return Has not commenced.</p> <p>There was a national delay in determining the work auditors were required to do although this will not impact on our work being completed by the deadline of 30 November. We will provide a verbal update to the Audit Committee.</p> <p>There has also been a national delay in determining the work auditors are required to undertake on the school-centred initial teacher training (SCITT) return which, at the time of writing, has not been resolved.</p> <p>Once this has been determined, we will work with the Council to ensure that the deadline has been achieved</p>	30 November 2017 (Teachers Pensions) 31 December (SCITT)	In progress	

Progress at 9 November 2017



2017/18	Planned Date	Complete?	Comments
<p>Fee Letter We were required to issue a planned fee letter for 2017/18 by the end of April 2017. This is the final audit year under the current contract.</p> <p>PSAA has awarded contracts to audit suppliers and is currently consulting on local appointments. Your audit supplier from 2018/19 will be confirmed by the end of December 2017.</p>	April 2017	Yes	Further information on the External Audit appointments was included in the September 2017 Audit Committee Update.
<p>Accounts Audit Plan We will issue a detailed accounts audit plan to the Council setting out our proposed approach the audit of the Council's 2017/18 financial statements.</p> <p>This will be issued upon completion of our audit planning.</p> <p>The statutory deadline for the issuing of the 2017/18 opinion has been brought forward by two months to 31 July 2018. We are discussing with your officers our plan and timetable to ensure that we complete our work by this earlier deadline.</p> <p>We may also need to discuss and agree with you arrangements for the issue of the draft Audit Findings Report, in view of the time available to complete our work and your committee report deadlines.</p>	March 2018	No	This earlier deadline has been met by the Council for the last 2 years and we are therefore well place to achieve this in 2017/18.

Progress at 9 November 2017



2017/18	Planned Date	Complete?	Comments
<p>Interim accounts audit</p> <p>Our interim fieldwork visit plan will reflect the need to complete as much work as possible earlier in the audit cycle. Our work will include:</p> <ul style="list-style-type: none"> • review of the Council's control environment • updating our understanding of financial systems • review of Internal Audit reports on core financial systems • early work on emerging accounting issues • early substantive testing • Value for Money conclusion risk assessment. 	<p>January and February 2018</p>	<p>No</p>	
<p>Final accounts audit</p> <ul style="list-style-type: none"> • proposed opinion on the Council's accounts • proposed Value for Money conclusion • review of the Council's disclosures in the consolidated accounts against the Code of Practice on Local Authority Accounting in the United Kingdom 	<p>July 2018</p>	<p>No</p>	
<p>Value for Money (VfM) conclusion</p> <p>The scope of our work is unchanged to last year and is set out in the final guidance issued by the National Audit Office in November 2015. The Code requires auditors to satisfy themselves that "the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources".</p> <p>The guidance confirmed the overall criterion as; "in all significant respects, the audited body had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people".</p> <p>The three sub criteria for assessment to be able to give a conclusion overall are:</p> <ul style="list-style-type: none"> • Informed decision making • Sustainable resource deployment • Working with partners and other third parties 	<p>July 2018</p>	<p>No</p>	

Grant Thornton publications



Combined Authorities: Signs of Success

In her foreword to ‘Building our Industrial Strategy’ the Prime Minister states that the initiative “will help to deliver a stronger economy and a fairer society – where wealth and opportunity are spread across every community in our United Kingdom, not just the most prosperous places in London and the South East.” Combined Authorities (CAs) – the newest model for the governance of local public services – are central to this.

In response to this, Grant Thornton and Bond Dickinson have jointly commissioned a report which provides an insight into the establishment of each combined authority in the context of their specific challenges. It is still early days for most combined authorities – the political and administrative difficulties of adopting this model are not to be under-estimated - but early signs are emerging of their potential to innovate and drive success.

The report benchmarks combined authorities using key indicators of growth, housing, transport and skills amongst others. We have also used our Vibrant Economy Index, which goes beyond financial returns and takes into account the wellbeing of society, to compare city regions. We believe that these benchmarks can serve as a baseline for assessment of progress over time.

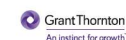
Key findings from the report:

- CAs must begin to reduce the institutional blurring with historic local government structures that has occurred with their formation. As greater clarity emerges over their roles, functions, and profiles of individual mayors, their perceived legitimacy will increase.
- CAs stand and fall on their ability to add value through targeted investment, strategic co-ordination, joined-up policy and the leveraging in of additional resources (particularly additional private sector funds).
- There is no single checklist or set of criteria for measuring the success of mayors and combined authorities, each city region must articulate its own challenges and show progress in tackling them.
- A balanced set of benchmarks encompassing both economic and social success will, however, serve as a useful stimulus for the debate around the impact of the combined authority model over time.

Grant Thornton publications

Questions:

- Have you read our report?



Combined Authorities: signs of success



<http://www.grantthornton.co.uk/en/insights/combined-authorities-signs-of-success/>



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