

Audit Findings Report - Recommendations Tracker

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Cabinet Member: Cllr Mandy Chilcott, Cabinet Member for Resources

Division and Local Member: All

1. Summary/link to the County Plan

- 1.1. At the July 2018 Audit Committee, as part of his Audit Findings Report, Grant Thornton, our external auditors made a number of recommendations for improvement areas such as budget monitoring and setting.
- 1.2. It is officers' intentions to bring an update report back to Audit Committee at least quarterly in order for members to be given the necessary assurance that suitable progress is being made to address these recommendations.

2. Issues for consideration

- 2.1. Members are asked to consider the tracker document and the progress to date (Appendix 1 to this report).
- 2.2. Members are asked to consider any further information on this process that would provide further assurance that these processes are being improved at future Audit Committee meetings.

3. Background

- 3.1.** In response to the 7 new recommendations made by the external auditor in July, a written management response was provided, and a number of commitments have been made to improve the processes.

These responses have been loaded in JCAD, our risk management system, which will be the necessary tracking and reporting mechanism, in a format that will be familiar to members from the regular Risk Management reports.

The external auditor's report and recommendations were primarily in relation to his concerns about sustainable resource deployment, which is a National Audit Office set criterion under his Value For Money work. Any decisions that will be necessary to rectify the current financial situation and to address the auditor's concerns about financial sustainability will follow the usual Cabinet and Scrutiny route, with Decisions being taken according to the normal decision-making processes and following due consideration of impacts.

However, there is a key role for the Audit Committee (in its governance role) to ensure that the external auditor's recommendations are being responded to, and that the suitable processes are being implemented.

4. Consultations undertaken

- 4.1.** Officers hold regular meetings with the external auditor, where progress against these recommendations will now form a key part of the discussions.

5. Implications

- 5.1.** A positive response to the recommendations made should be reflected in the external auditor's subsequent reports to the Audit Committee and should provide the benefits as set out in his July report.

In their report to the Audit Committee in July 2018, Grant Thornton concluded that they were "unable to state that Somerset County Council has proper arrangements in place to ensure sustainable resource deployment ...". They then issued an adverse 2017/18 value for money conclusion and stated that they had "considered the need to exercise our wider auditor powers. At this stage, we have decided not to exercise these powers, but will consider the need to issue a 'statutory recommendation' under section 24 (Schedule 7) of the Local Audit and Accountability Act, should arrangements at the council not improve and/or further significant overspends emerge during the course of 2018/19." Therefore, taking swift and decisive action as set out in this report is an essential part of the response to the Grant Thornton findings.

6. Background papers

- 6.1.** External auditor's Annual Findings Report to Audit Committee and Management Response document from the Audit Committee meeting of 26th July 2018.

Note For sight of individual background papers please contact the report author