

## Audit Findings report 2019/20

Executive Portfolio Holder:	Peter Seib, Finance and Legal Services
S151 Officer:	Jo Nacey
Lead Officers:	Nicola Hix, Lead Specialist - Finance / Deputy S151 Officer Paul Matravers – Lead Specialist - Finance
Contact Details:	nicola.hix@southsomerset.gov.uk or 01935 462612 paul.matravers@southsomerset.gov.uk or 01935 462275

## Purpose of the Report

1. This report introduces Grant Thornton UK LLP's Audit Findings Report for 2019/20.

## Forward Plan

2. This report appeared on the Audit Committee Forward Plan with an anticipated Committee date of 26<sup>th</sup> November 2020. Following the need for additional Audit work, the Audit Committee was moved to 22 December 2020.

## Public Interest

3. Under International Standards of Audit (UK) (ISAs) and the National Audit Office (NAO) Code of Audit Practice, the Council's external auditors report on the group and Council's financial statements and the governance of South Somerset District Council.

## Recommendations

4. That Audit Committee:
  - a) consider the matters identified in the report, and note the draft audit findings as outlined in the report;
  - b) note the opinion on the financial statements, opinion on other matters, and the conclusion regarding arrangements for securing economy, efficiency and effectiveness in the authority's use of resources, as stated in Appendix E

## Background

5. Under International Standards of Audit (UK) (ISAs) and the National Audit Office (NAO) Code of Audit Practice, the Council's external auditors (Grant Thornton) report on the financial statements and the governance of the Council. The review of these reports is included within the remit of this committee under its terms of reference as follows:

"To consider the reports of external audit including the Annual Audit Letter and seek assurance from management that action has been taken."



## South Somerset District Council

“To review and approve the annual Statement of Accounts, external auditor’s opinion and reports to members and monitor management action in response to issues raised.”

- The Audit Findings Report summarises the key findings from the review undertaken by Grant Thornton.

### Key Features of the Audit Findings Reports

- The Grant Thornton report gives an unqualified opinion on the financial statements for 2019/20, the unqualified opinion is subject to the outstanding queries being satisfactorily resolved.
- The final audit opinion will be issued as soon as possible after this meeting once the outstanding queries have been resolved. The outstanding queries are detailed in Appendix E of the report.
- The report also outlines that in all material respects the Council has complied with the requirements of IFRS (International Financial Reporting Standards).
- The report states that there were 5 adjusted misstatements and a number of misclassification and disclosure changes. There are also 5 “unadjusted misstatements”. We have not adjusted for them as in 2 cases they are not actual errors but should be noted for management purposes. The 3 other misstatements are not material and do not warrant the need to adjust. These misstatements are found in Appendix C. The action plan agreed by officers is included in Appendix A.
- Grant Thornton is required to make a statement on whether the Council has made arrangements for securing economy, efficiency and effectiveness in its use of resources i.e. whether it provides value for money. The auditor’s conclusion is that the Authority has proper arrangements in place in all significant respects. Information confirming this can be found in Appendix E.

### Financial Implications

- The fees charged for the audit of the Statement of Accounts as per the audit plan are detailed in the table below. In addition, there are non-audit fees which are payable in respect of the certification of grant claims and returns for the year.

Fee Element	£
Fees payable with regard to external audit services carried out by the appointed auditor	37,943
Additional Audit Fees approved by PSAA	7,500
<b>Total audit fees (excluding VAT)</b>	<b>45,443</b>
Fees payable with regard to certification of grant claims and returns for the year:	
Non-Audit Fee agreed upon procedures on the council’s Housing Benefit Subsidy Claim 2019-20	14,000
<b>Total audit and non- audit fees (excluding VAT)</b>	<b>59,443*</b>

- \*It should be noted that an additional fee will be payable in respect of the audit. This is due to more detailed work being required relating to Property Plant and Equipment at a time when both our staff and the external auditors have been impacted by the current



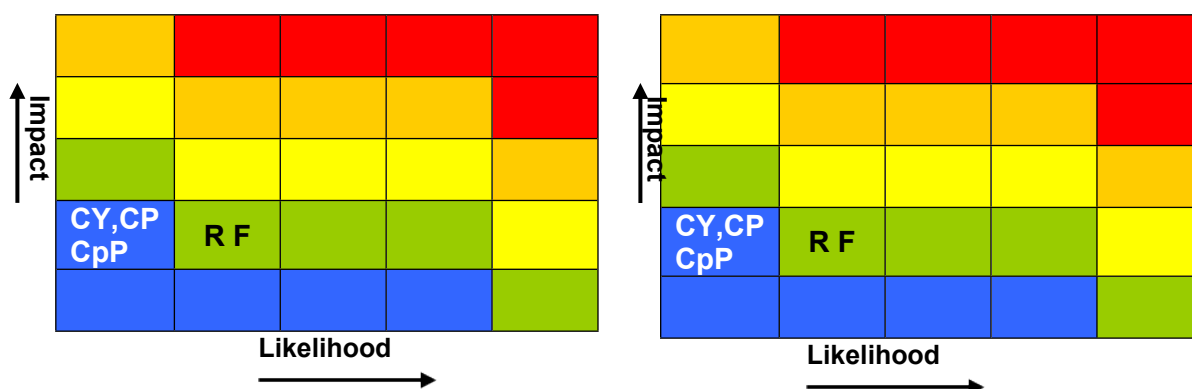
# South Somerset District Council

Covid-19 pandemic. This has led to resource issues on both sides which has hampered progress.

- The value of the additional fee is not known at this stage as it is dependent on the extent of the additional work to be completed. The final fee will be discussed with management and will be notified in the Annual Audit Letter. The proposed additional fees are subject to approval by PSAA in line with the terms of appointment. Further information on additional fee and the reasons for the additional charge are included in Appendix D.

## Risk Matrix

**Risk Profile before officer recommendations      Risk Profile after officer recommendations**



### Key

Categories	Colours (for further detail please refer to Risk management strategy)
R = Reputation	Red = High impact and high probability
CpP = Corporate Plan Priorities	Orange = Major impact and major probability
CP = Community Priorities	Yellow = Moderate impact and moderate probability
CY = Capacity	Green = Minor impact and minor probability
F = Financial	Blue = Insignificant impact and insignificant probability

## Council Plan Implications

- The Audit Findings Report is an integral part of the auditing of the Statement of Accounts which are closely linked to the Council Plan, and maintaining financial resilience and effective resource planning is important to enable the council to continue to fund its priorities for the local community.

## Carbon Emissions and Climate Change Implications

- There are no carbon emissions or climate change implications in this report.

## Equality and Diversity Implications

- There are no equality or diversity implications



**South Somerset**  
District Council

## **Privacy Impact Assessment**

18. There is no personal information included in this report.

## **Background Papers**

19. None

---