

## Interim Audit Findings Report 2020/21

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### Purpose of the Report

1. This report introduces Grant Thornton UK LLP's Interim Audit Findings Report for 2020/21.

### Forward Plan

2. This report appeared on the Audit Committee Forward Plan with an anticipated Committee date of 30<sup>th</sup> September 2021.

### 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 consider the matters identified in the interim report, note the draft audit findings as outlined in the report and note the next steps.

### 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.”

“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.”



## South Somerset District Council

6. The Interim Audit Findings Report summarises the key findings to date from the review undertaken by Grant Thornton.
7. Note that the report is the interim audit findings report, work is ongoing and a final report will be brought to the committee in May 2022. The reasons for not having a final report at this point, the information on the delays incurred and how this has impacted on the completion of the audit is detailed in the interim report.

### Key Features of the Interim Audit Findings Report

8. The Grant Thornton report gives an unqualified opinion on the financial statements for 2020/21, the unqualified opinion is subject to the outstanding queries being satisfactorily resolved.
9. The report identifies a number of issues that have meant that the audit of accounts has not been completed in line with the original timescale. The reasons which have resulted in the audit work continuing are detailed in the significant matters section (Page 5) and in the conclusion section of Financial Statements (Page 6).
10. Members should note that although audit work is ongoing there are no matters of which the auditors are aware that would require modification to the audit opinion or require material changes to the financial statements, this is subject to the outstanding matters detailed in the report (Page 3).
11. It should also be noted that the delays and additional work required will result in a significant increase in the audit fee chargeable. The final audit fee is pending discussion with management and the PSAA. The final fee will be included in the Annual Audit Letter that will be presented to committee at the conclusion of the audit.

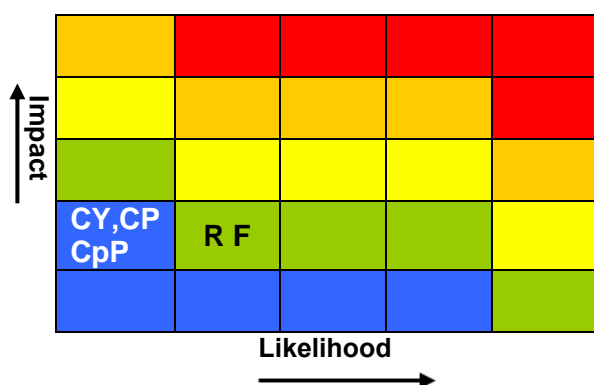
### Next Steps

12. The auditors continue to work with officers to complete the outstanding work, the matters outstanding are included in headlines section of the interim report (Page 5).
13. An audit committee is planned for May 2022 which will include a finalised audit findings report that updates on the outcome of the outstanding work mentioned in the interim report.
14. The final audit findings report will also include management responses to the action plan included in Appendix A. However, it should be noted that management have already begun discussions with the relevant officers to address the items included in the action plan to ensure the 2021/22 audit of accounts does not experience the same issues as this audit.
15. The meeting will also propose approval of the Annual Governance Statement and the 2020/21 final Statement of Accounts.

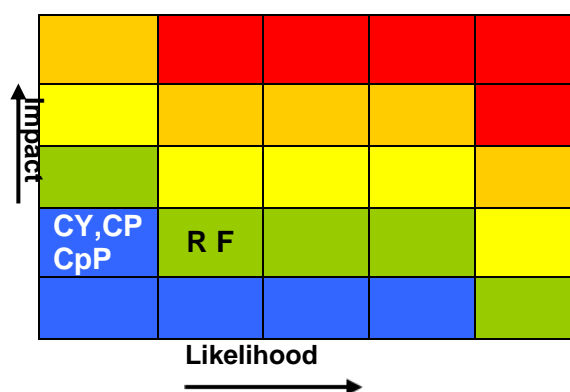
16. The fees charged for the audit of the Statement of Accounts as per the audit plan are to be agreed as detailed in point 12 above. The final figure, in respect of the audit of accounts only, is anticipated to be significantly higher than the original fee of £66,943.
17. This will result in the budget for external audit fees being exceeded. The variance against the budget will be reported in the 2021/22 revenue budget outturn report and the final figure will be reported to audit committee at the completion of the audit.

## 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

18. 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

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



**South Somerset**  
District Council  
**Equality and Diversity Implications**

20. There are no equality or diversity implications

**Privacy Impact Assessment**

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

**Background Papers**

22. None

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