

Somerset West and Taunton Council

Audit Governance and Standards Committee – 31 July 2019

Taunton Deane Borough Council Interim Audit Findings Report 2018/19

This matter is the responsibility of Executive Councillor Ross Henley

Report Author: Paul Fitzgerald, Strategic Finance Advisor and S151 Officer

1 Executive Summary

- 1.1 This short covering report introduces the annual report of our external auditor Grant Thornton outlining their findings to date from their audit of the Statement of Accounts for Taunton Deane Borough Council (TDBC), and the arrangements to secure Value for Money.
- 1.2 It has recently emerged that there are some factors that mean Grant Thornton has determined the audit testing cannot be completed by 31 July, and therefore we are not yet in a position to present a fully audited set of accounts with the accompanying Audit Opinion. This delay relates to logistical issues and is a matter of timing rather than quality of accounts.
- 1.3 The audit Committee is therefore requested to approve the unaudited accounts (in a separate report), on recommendation from the S151 Officer, and as such these will be republished in line with 31 July target date. A further update will be reported to Committee once the audit is completed and the Opinion given, however the Committee is requested to note the Findings reported to date.

2 Recommendations

- 2.1 The Committee is recommended to note the progress and matters arising in the Audit Findings Report from the Auditor on TDBC's Financial Statement of Accounts.
- 2.2 The Committee is recommended to note the Auditor's unqualified value for money conclusion.

3 Risk Assessment

Risk Matrix

Description	Likelihood	Impact	Overall
Risk: The Statement of Accounts do not provide a true and fair view of the Council's financial position and performance	3	4	12
<i>Mitigation: Arrangements for financial control, accounting and reporting are robust, and Statement of Accounts subject to external audit</i>	1	4	4

- 3.1 The scoring of the risks identified in the above table has been based on the scoring matrix. Each risk has been assessed and scored both before the mitigation measures have been actioned and after they have.

Risk Scoring Matrix

Likelihood	5	Almost Certain	Low (5)	Medium (10)	High (15)	Very High (20)	Very High (25)
	4	Likely	Low (4)	Medium (8)	Medium (12)	High (16)	Very High (20)
	3	Possible	Low (3)	Low (6)	Medium (9)	Medium (12)	High (15)
	2	Unlikely	Low (2)	Low (4)	Low (6)	Medium (8)	Medium (10)
	1	Rare	Low (1)	Low (2)	Low (3)	Low (4)	Low (5)
			1	2	3	4	5
			Negligible	Minor	Moderate	Major	Catastrophic
Impact							

Likelihood of risk occurring	Indicator	Description (chance of occurrence)
1. Very Unlikely	May occur in exceptional circumstances	< 10%
2. Slight	Is unlikely to, but could occur at some time	10 – 25%
3. Feasible	Fairly likely to occur at same time	25 – 50%
4. Likely	Likely to occur within the next 1-2 years, or occurs occasionally	50 – 75%
5. Very Likely	Regular occurrence (daily / weekly / monthly)	> 75%

4 Background and Full details of the Report

- 4.1 The 2018/19 Unaudited Draft Statement of Accounts for TDBC was signed off by the Council's S151 Officer before 31 May 2019 – within the statutory deadline for 2018/19, and before the start of the external audit review.
- 4.2 The Auditor has not yet completed all of the testing required to issue their Opinion

therefore the Council cannot yet approve the audited Statement. The Audit Findings Report provides an update for Members on work completed so far and also lists work that is in progress at the time of issuing the report.

- 4.3 As a result, the Committee is requested to approve the Unaudited Statement of Accounts in order that this may be published by the 31 July deadline. This will reference the fact the audit is not yet complete.
- 4.4 Once the audit has been completed and the Auditor is able to report an Opinion on whether the accounts present a true and fair view, the audited accounts will be presented to Committee with a final Audit Findings Report.
- 4.5 The auditor has reviewed our arrangements to secure economy, efficiency and effectiveness in our use of resources, and have indicated that Grant Thornton is satisfied “the Council had proper arrangements for securing economy, efficiency and effectiveness in its use of resources”.

5 Links to Corporate Aims / Priorities

- 5.1 This report links to the Council’s aim of achieving financial stability.

6 Finance / Resource Implications

- 6.1 The auditors’ report has not identified any non-trivial misstatements requiring an adjustment to be made. The contingent liability regarding the pension scheme in Note 37 has been removed from the Statement of Accounts.
- 6.2 This is the final (draft) Statement of Accounts for Taunton Deane Borough Council, with all assets, liabilities and balances transferring to Somerset West and Taunton Council on 1 April.
- 6.3 The S151 Officer acknowledges that the completion of the financial statements have been undertaken at a time of significant change to the organisation with transformation and the implementation of the new Council, directly impacting on the finance function as well as other teams. The S151 Officer places on record his thanks to the team who have worked extremely hard to complete the accounts and support the progress of the audit during this period of disruption.
- 6.4 It is disappointing that the audit has not been completed within the planned timescale, and a review will be completed, and plans prepared and implemented, to mitigate the risk of similar issues in future. For example, we will need to ensure better controls are in place to ensure working papers are provided on a timely basis.

7 Legal Implications

- 7.1 The Council has a statutory duty to produce financial statements.

8 Environmental Impact, Safeguarding and/or Community Safety, Equality and Diversity, Social Value, Partnership, Health and Wellbeing, Asset Management, Consultation Implications

8.1 None.

Democratic Path:

- **Audit, Governance and Standards Committee – 31 July 2019**

Reporting Frequency: Annually

Contact Officers

Name	Steve Plenty
Direct Dial	01984 600173
Email	s.plenty@somersetwestandtaunton.gov.uk

Name	Emily Collacott
Direct Dial	01823 218742
Email	e.collacott@somersetwestandtaunton.gov.uk

Name	Paul Fitzgerald
Direct Dial	01823 217557
Email	p.fitzgerald@somersetwestandtaunton.gov.uk