

Somerset West and Taunton Council

Audit, Governance and Standards Committee – 11 November 2019

Taunton Deane Borough Council 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 from the audit of the 2018/19 Statement of Accounts for Taunton Deane Borough Council (TDBC), and of the arrangements in place to secure Value for Money.
- 1.2 An interim report was provided to the Audit Governance and Standards Committee on 31 July 2019. It was confirmed at that stage that the audit testing had not been completed meaning the Committee was unable to approve the accounts at that stage.
- 1.3 The audit is now substantially complete and Grant Thornton have indicated their intent to provide an unqualified opinion in respect of the accounts and value for money conclusion.

2 Recommendations

- 2.1 The Committee is recommended to note the Audit Findings Report in respect of TDBC's Statement of Accounts 2018/19.
- 2.2 The Committee is recommended to note the Auditor's Opinion in relation to the Statement of Accounts and 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
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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 accounts are subject to independent review by the Council’s appointed external auditor – Grant Thornton. However this work is now substantially complete and the draft Audit Findings Report is included within this item. Grant Thornton has indicated their intention to issue an “unqualified opinion” for the 2018/19 Statement of Accounts for TDBC, thus agreeing that the accounts provide a true and fair view of the Council’s financial position and performance.

4.3 The auditor has also reviewed the Council’s arrangements to secure economy,

efficiency and effectiveness in its use of resources, and provides a formal Opinion through their Value for Money Conclusion. 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 draft Statement of Accounts.

6.2 One non-material error was identified in respects of the reported debtors’ balance in the draft accounts, which has been adjusted down by £347k and therefore reduces general reserves. Whilst this did not need to be adjusted for the purpose of the audit, the S151 Officer decided to make this adjustment in order that the General Reserves balance carried forward is correct and not overstated.

6.3 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.

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 – 11 November 2019**

Reporting Frequency: Annually

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