

Audit Committee

Meeting Date – 26th October 2023



External Audit Update Report and South Somerset District Council Statement of Accounts 2021/22

Lead Member(s): Cllr Liz Leyshon Deputy Leader and Lead Member for Resources and Performance

Lead Officer: Jason Vaughan – Executive Director Resources and Corporate Services

Author: Donna Parham – Head of Corporate Finance

Contact Details: donna.parham@somerset.gov.uk

Summary / Link to Council Plan

1. The external audit 2022/23 for South Somerset District Council has yet to be completed. The attached Statement of Accounts and Audit Findings will conclude the audit for 2021/22 if approved.
2. The Somerset Council Audit Committee will need to provide the governance overview and consideration of all legacy Councils outstanding Statement of Accounts. This will include all 2022/23 accounts for the former district councils and Somerset County Council.

Recommendations

3. The Audit Committee
 - 3.1. Approves the Statement of Accounts as attached for South Somerset District Council for 2021/22, or delegates approval for the accounts to the Executive Director Resources and Corporate Services in conjunction with the Chair or Vice-Chair, once any outstanding matters have been resolved.
 - 3.2. Notes the Audit Findings report from Grant Thornton.
 - 3.3. Notes the additional fees as set out in the attached Appendix.

3.4. Approves the signing of the attached Letter of Representation.

Reasons for recommendations

4. The Audit Committee terms of reference include:

4.1. Monitoring of the arrangements and preparations for financial reporting to ensure that statutory requirements and professional standards can be met.

4.2. Reviewing the annual statement of accounts. Specifically, to consider whether appropriate accounting policies have been followed and whether there are concerns arising from the financial statements or from the audit that need to be brought to the attention of the council.

4.3. To consider the external auditor's report to those charged with governance on issues arising from the audit of the accounts.

Links to Council Plan and Medium-Term Financial Plan

5. It is important for Somerset Council to ensure that all audits are completed and an opinion provided for all legacy Councils. This ensures that the opening balances for the new Council are correct. This is particularly important for reserves and capital receipts to ensure that the Council can plan effectively.

There are no specific risks to the council of this report.

Likelihood		Impact		Risk Score	

Implications

6. There are no financial implications of noting this report, however the cost of the audit, because of delays has increased by £20k with further fees due to finalise the audit. Further officer resource has been allocated to the Statement of Accounts to reach a conclusion as soon as possible.

Legal Implications

7. There are no legal implications of approving the recommendations.

Other Implications:

HR Implications

8. There are no HR implications of approving this report.

Equalities Implications

9. There are no equalities implications from approving this report.

Community Safety Implications

10. There are no community safety implications from approving this report.

Climate Change and Sustainability Implications

11. Somerset Council have declared both a Climate and Ecological Emergency. Through that, the Council has committed to working towards making the whole county, including our own estate and operations, 'Carbon Neutral' by 2030 and to take positive action to reverse the damage on our natural habitats by man-made activity. We have also pledged to ensure that Somerset is resilient to, and prepared for, the effects of Climate Change. There are no implications from approving this report.

Health and Safety Implications

12. There are no health and safety implications from approving this report.

Social Value

13. There are no social value implications from approving this report.

Background Papers

14. On the 1st April 2023 Somerset Council replaced the five legacy Councils of Somerset County Council, Mendip District Council, Sedgemoor District Council, Somerset West and Taunton Council and South Somerset District Council. At that date the following Councils had yet to receive audit opinions as follows:

- Mendip District Council – 2021/22
- Sedgemoor District Council - 2020/21 and 2021/22 (2020/21 has since received the final audit opinion)
- South Somerset District Council - 2021/22

15. Somerset Council must provide 2022/23 Statement of Accounts for each of the legacy Councils and the Pension Fund. This has been resource intensive. All accounts are now published and are at different stages of the audit process.

Report

16. This report seeks approval for the audited 2021/22 South Somerset Statement of Accounts. Attached is Grant Thornton's Audit Findings Report which sets out issues, amendments and corrections required and recommendations for future year end procedures. These are of course the accounts of the legacy authority and relate to two financial years ago, a number of the matters raised by the auditors have been raised already during the time of the legacy authority and many of the recommendations have already been actioned as part of the year end process for producing the draft 2022/23 accounts for SSDC.

17. The report of the auditors contain details of changes to the accounts that were required. It is important to note that none of these affected the final outturn of the council or the usable reserves of the council. The single biggest change required relates to the IAS19 pensions valuation, which, due to the 2021/22 accounts still being open after the pension fund triennial valuation, required a fresh IAS19 valuation based on revised assumptions and estimates, resulting in changes to the draft account figures. This is a technical accounting adjustment and does not impact the usable reserve of the council or the pension fund.

18. The auditors report provides information on estimated fees, which have increased due to the issues that arose during the audit, as previously reported to this committee. The final audit fee is estimated to be £145,000.

19. Barrie Morris and Beth AC Bowers from Grant Thornton will be attending the committee remotely to go through the report and update members with current position.

Appendices

- As attached.