
AUDIT COMMITTEE SUMMARY OF DECISIONS

24 September 2020

(Published on)

Item No.	Title
	Apologies for absence
	DECISION No apologies were received.
2	Declarations of Interest
	DECISION There were no new declarations.
3	Minutes from the meeting held on 18 June 2020
	DECISION The Audit Committee agreed that the minutes of the meeting held on 18 th June 2020 were accurate, and the Chair signed them.
4	Public Question Time
	DECISION No questions or statements were received by the PQT deadline of 5pm on Friday 18 September.
5	Approval of the Statement of Accounts 2019/20.
	DECISION The Finance Director presented the report and summary and findings detailed below:- As part of the formal process of closing the County Council's 2019/20 accounts, the Chief Financial Officer was required to approve the draft Statement of Accounts by 31 August and the Audit Committee was required to approve the audited accounts by 30 November.

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	<p>The Accounts and Audit Regulations issued by the Secretary of State set out the requirements for the preparation and publication of final accounts. These regulations included the requirement for the formal approval, by a full Committee, of the Council's Statement of Accounts.</p> <p>The Statement of Accounts (set out in Appendix A) had been prepared in accordance with the current Code of Practice on Local Authority Accounting in Great Britain. The Statement was required to present a true and fair view of the County Council's financial position at 31 March 2020 and also the income and expenditure for the financial year 2019/20. A separate Statement of Accounts was produced for the Pension Fund.</p> <p>The Statement of Accounts was available for public inspection during the 30-working day period running from 1 July to 11 August 2020.</p> <p>The issuing of the Audit Certificate would be delayed until completion of the audit of the Whole of Government Accounts (WGA) submission. This delay is unavoidable due to the timing of the issuing of the WGA toolkit by HM Treasury and WGA submission timetable. Work is currently underway to submit a draft WGA return by the 31st September submission deadline. A final audited WGA return must be submitted by no later than 31st December 2020. The Council is working with Grant Thornton to ensure the final audited submission is submitted by the deadline. The Committee would be notified on receipt of the final Audit Certificate</p> <p>The Committee approved:</p> <ul style="list-style-type: none"> • The audited Statement of Accounts for 2019/20 (Appendix A); • The Letter of Representation for 2019/20 (Section 5.1 and Appendix B); • The updated Annual Governance Statement as included within the Statement of Accounts (Section 6) Members are also asked to note the position of the External Auditors assessment of the Council's Value for Money (VFM) judgment (Section 7).
6	The Audit Findings for Somerset County Council
	<p>DECISION</p> <p>The report covered the impact of Covid-19, the financial statements, emerging guidance issued by FRC and CIPFA, the audit risk assessment update, and new working arrangements during the pandemic.</p> <p>The Committee noted the report.</p>

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7	Approval of Pension Fund Accounts 2019/20
	<p>DECISION As part of the formal process of closing the Pension Fund's 2019/20 accounts, the Chief Financial Officer is required to approve the draft Statement of Accounts by 31 August, this has already been done. The Audit Committee is subsequently required to approve the audited accounts by 30 November.</p> <p>Grant Thornton completed their audit work and issued The Audit Findings Report for the pension fund and this is included in the papers. The report, which will be presented by our external auditors, summarises the findings from the 2019/20 audit of the Pension Fund financial statements. The report indicated that the accounts had received an unqualified opinion.</p> <p>The Committee thanked all officers involved in for their hard work in the creation of the report.</p> <p>The Committee:</p> <ul style="list-style-type: none"> • Approved the audited accounts of the Pension Fund for 2019/20; and • Approved the letter of representation on behalf of the Council.
8	Report of Internal Audit Activity Plan Progress 2020/21
	<p>DECISION The Internal Audit Assistant Director presented the report.</p> <p>The schedule provided at Appendix B contains a list of all audits as agreed in the Annual Audit Plan 2020/21. It is important that Members are aware of the status of all audits and that this information helps them place reliance on the work of Internal Audit and its ability to complete the plan as agreed.</p> <p>The Committee noted the report.</p>
9	Independent Review of Local Authority Financial Reporting and External Audit
	<p>DECISION The Finance Director presented the report.</p> <p>The report provided an update on the independent review into local authority financial reporting and external audit review by Sir Tony Redmond which was</p>

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	<p>published on the 8th September.</p> <p>The Committee noted the content of the report and its potential impact upon the Council and the Audit Committee, if the recommendations of the Redmond Review were adopted.</p>
10	Debtor Management Update Report
	<p>DECISION This report reviews the recovery of outstanding debts (monies owed to the Council) and the current performance. The analysis below is based on the total of annual debt raised which is between £120m - £135m. The monthly outstanding debt can range between £7m-20m.</p> <p>Services' total outstanding debt reported on the Accounts Receivable system stood at £6.219m as at 31st July 2020. This compares with a figure of £8.105m as at 31st July 2019, and £10.087m as at the 30th April 2020 reported at the last Audit Committee in June 2020.</p> <p>The percentage of debts over 90 days as at 31st July 2020 was 42.72%, which represents a fractional decrease to the end of June which stood at 42.88%. The value of the decrease in outstanding 90-day debt was £1.779m.</p> <p>The Committee noted the position in relation to outstanding debt performance at the end of July 2020.</p>
11	Anti-Tax Evasion Strategy
	<p>DECISION The Director of Finance introduced the report.</p> <p>Under the Criminal Finances Act 2017 (CFA 2017), the Council, if found to be facilitating tax evasion, could face an unlimited fine and consequent damage to its reputation. The Council would be guilty of the offence where a third party commits tax evasion which a member of staff (or an associate) has in some way assisted.</p> <p>Part 3 of the Criminal Finances Act 2017 creates a new corporate criminal offence where a corporate entity fails to prevent the facilitation of tax evasion by its staff, agents and contractual associates. The legislation requires all bodies corporate to</p>

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	<p data-bbox="268 174 759 210">publish an Anti-Tax Evasion Policy.</p> <p data-bbox="268 257 1418 584">The Council's Anti-Tax Evasion Policy was drafted and presented to the Governance Board meeting in December 2019 for consideration. The Board noted the commitments identified in Section 8 of the policy and the requirement for a risk assessment. The Board tasked the Strategic Risk Management Group (SRMG) with consideration of Section 8, with a specific focus on the requirement for a risk assessment. The risk assessment was reviewed at the meeting of SRMG on 12th February 2020 and has been appended to this report for consideration by the Committee.</p> <p data-bbox="268 631 512 667">The Committee:</p> <ul data-bbox="319 676 1410 920" style="list-style-type: none"> <li data-bbox="319 676 1410 757">• Adopted the Anti-Tax Evasion Strategy (Appendix A) and associated Risk Assessment (Appendix B). <li data-bbox="319 766 1410 920">• On approval of the Anti-Tax Evasion Strategy, the Corporate VAT Team will put in place measures to ensure full compliance on all risks identified. Any additional risks or issues will be reported back to the Committee.
12	Committee Future Workplan
	<p data-bbox="268 1104 424 1140">DECISION</p> <p data-bbox="268 1144 1406 1216">An additional item was requested for an update from the independent review of financial reporting and external audit.</p> <p data-bbox="268 1263 1398 1384">The Committee noted the workplan that listed future agenda items and reports for the next meeting on 19 November 2020, and the workplan was accepted.</p>
13	Any other urgent items of business
	<p data-bbox="268 1608 424 1644">DECISION</p> <p data-bbox="268 1648 823 1684">There were no other items of business.</p>