

# Somerset County Council and Pension Fund Audit Progress Report

**Year ending 31 March 2022**

10 March 2022



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# Introduction

This paper provides the Audit Committee with a report on progress in delivering our responsibilities as your external auditors.

The paper also includes:

- a summary of emerging national issues and developments that may be relevant to you as a local authority; and
- includes a number of challenge questions in respect of these emerging issues which the Committee may wish to consider (these are a tool to use, if helpful, rather than formal questions requiring responses for audit purposes)

Members of the Audit Committee can find further useful material on our website, where we have a section dedicated to our work in the public sector. Here you can download copies of our publications [www.grantthornton.co.uk](http://www.grantthornton.co.uk).

If you would like further information on any items in this briefing, or would like to register with Grant Thornton to receive regular email updates on issues that are of interest to you, please contact either your Engagement Lead or Engagement Manager.

# Progress at March 2022

## Financial Statements Audit

We undertook our initial planning in March 2021 to inform the Audit Plan.

In June 2021 we issued a detailed audit plan, setting out our proposed approach to the audit of the Council and Pension Fund's 2020/21 financial statements.

The Accounts and Audit (Amendment) Regulations 2021 pushed back the date by which principal authorities needed to publish their draft financial statements to the first working day of August. In 2020 this date was pushed back to 31 August. The Council published their accounts ahead of the deadline.

The date by which authorities were required to publish audited financial statements was 30 September. In 2020 this date was pushed back to 30 November.

We began our work on your draft financial statements in August 2021.

We reported the findings from our work in the Audit Findings Report (AFR) to the Committee in November 2021 and provided an unqualified opinion on the financial statements on 30<sup>th</sup> November 2021.

## Value for Money

The new Code of Audit Practice (the “Code”) came into force on 1 April 2020 for audit years 2020/21 and onwards. The most significant change under the new Code is the introduction of an Auditor’s Annual Report, containing a commentary on arrangements to secure value for money and any associated recommendations, if required.

The new approach is more complex, more involved and is planned to make more impact.

Under the 2020 Code of Audit Practice, for relevant authorities other than local NHS bodies auditors are required to issue our Auditor’s Annual Report no later than 30 September or, where this is not possible, issue an audit letter setting out the reasons for delay.

As a result of the ongoing pandemic, and the impact it has had on both preparers and auditors of accounts to complete their work as quickly as would normally be expected, the National Audit Office (NAO) has updated its guidance to auditors to allow us to postpone completion of our work on arrangements to secure value for money and focus our resources firstly on the delivery of our opinions on the financial statements. This is intended to help ensure as many as possible could be issued in line with national timetables and legislation. The extended deadline for the issue of the Auditor's Annual Report is now no more than three months after the date of the opinion on the financial statements.

For Somerset County Council the deadline for completion of this work is 28<sup>th</sup> February 2022.

Our VFM work is now finalised and the Auditors Annual Report is on this meetings agenda.

# Progress at March 2022 (cont.)

## Other areas

### Certification of claims and returns

We also certify the Authority's Teachers Pensions' Return in accordance with procedures agreed with the Teachers' Pension Agency. The certification work for the 2020/21 return was reported on 30<sup>th</sup> November 2021, in advance of the deadline.

No amendments or significant issues were reported as part of our work.

### Meetings

We continue to meet regularly with senior Finance Officers as part of our regular liaison meetings and continue to be in discussions with finance staff regarding emerging developments and to ensure the audit process is smooth and effective.

We have been working closely with Senior Officers as part of our VFM work and finalising your Auditors Annual Report.

### Events

We provide a range of workshops, along with network events for members and publications to support the Council. Your officers attended our Financial Reporting Workshop, which will help to ensure that members of your Finance Team are up to date with the latest financial reporting requirements for local authority accounts.

Further details of the publications that may be of interest to the Council are set out in our Sector Update section of this report.

### Changes to the team

As part of reviewing our portfolios we have made changes to the Audit Manager(s) for both the County Council Audit and the Pension Fund Audit, and the Engagement Lead for the Pension Fund.

The manager of the County Council Audit for the 2021/22 year will be:

#### Grace Hawkins

Engagement Senior Manager  
T 029 2034 7542  
E [grace.e.Hawkins@uk.gt.com](mailto:grace.e.Hawkins@uk.gt.com)

The Engagement Lead for the Pension Fund Audit for the 2021/22 year will be:

#### Julie Masci

Engagement Lead  
T 029 2034 7506  
E [Julie.masci@uk.gt.com](mailto:Julie.masci@uk.gt.com)

The manager of the Pension Fund Audit for the 2021/22 year will be:

#### Liam Royle

Engagement Manager  
T 0117 305 7687  
E [liam.c.royle@uk.gt.com](mailto:liam.c.royle@uk.gt.com)

We have handover procedures in place to ensure this process is well managed in order to minimise any disruption to the Council.

# Audit Deliverables

2020/21 Deliverables	Planned Date	Status
<p><b>Audit Plan</b></p> <p>We are required to issue a detailed audit plan to the Audit Committee setting out our proposed approach in order to give an opinion on the Council's 2020/21 financial statements and the Auditor's Annual Report on the Council's Value for Money arrangements.</p>	July 2021	Complete
<p><b>Audit Findings Report</b></p> <p>The Audit Findings Report was reported to the November Committee.</p>	November 2021	Complete
<p><b>Auditors Report</b></p> <p>This includes the opinion on your financial statements.</p>	November 2021	Complete
<p><b>Auditor's Annual Report</b></p> <p>This Report communicates the key issues arising from our Value for Money work.</p>	February 2022	Complete - On this agenda
<b>2020/21 Audit-related Deliverables</b>	<b>Planned Date</b>	<b>Status</b>
<p><b>Teachers' Pension Return – certification</b></p> <p>This is the report we submit to the Teachers' Pension Agency based upon the mandated agreed upon procedures we are required to perform.</p>	30 November 2021	Complete
<p><b>IAS19 Assurance Letters to Admitted Body Auditors</b></p> <p>These are the letters that we provide to the auditors of admitted bodies to the Pension Fund, on request, to provide assurance over the controls in place with the administration of the Pension Fund and the valuations of investments.</p>	Various – depending on specific requests	Complete

# 2021/22 deliverables

## 2021/22 Deliverables

	Planned Date	Status
<p><b>Accounts Audit Plan</b></p> <p>We are required to issue a detailed audit plan to the June 2022 Audit Committee setting out our proposed approach in order to give an opinion on the Council's 2021/22 financial statements.</p>	June 2022	Not due yet
<p><b>Audit Findings (ISA260) Report</b></p> <p>The Audit Findings Report will be reported to the Audit Committee.</p>	TBC	Not due yet
<p><b>Auditor's Annual Report</b></p> <p>The key output from local audit work on arrangements to secure VFM is an annual commentary on arrangements, which will be published as part of the Auditor's Annual Report (AAR). The final version of the AAR will be published in line with the timescales to be set out by the National Audit Office. The AAR must be published on your website in line with central requirements.</p>	TBC	Not due yet
<p><b>Auditor's Report</b></p> <p>This will include our opinion on your financial statements and our other reporting requirements, as set out in 'The auditor's statutory responsibilities' section of this report.</p>	TBC	Not due yet



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