

SSDC – Grant Thornton External Audit Update for Financial Year 2021/22

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1. Summary / Background

The external audits for 2021/22 and 2022/23 for South Somerset District Council have yet to be completed. The attached Appendix updates the position of the South Somerset District Council audit for 2021/22.

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 2021/22 for South Somerset District Council, Mendip District Council, and Sedgemoor District Councils as well as 2022/23 for those Councils plus Somerset Council and Somerset West and Taunton Council.

2. Recommendations

The Audit Committee

- 2.1. Notes the update from Grant Thornton for South Somerset District Council for 2021/22
- 2.2. Notes the expected sign off date of 26th October 2023 (the next Audit Committee)
- 2.3. Notes the additional fees as set out in the attached Appendix.

3. Reasons for recommendations

The Audit Committee terms of reference include:

- Monitoring of the arrangements and preparations for financial reporting to ensure that statutory requirements and professional standards can be met.
- 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.
- To consider the external auditor's report to those charged with governance on issues arising from the audit of the accounts.

4. Other options considered

No other options have been considered

5. Links to Council Plan and Medium-Term Financial Plan

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.

6. Financial and Risk Implications

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.

7. Legal Implications

There are no legal implications of approving the recommendations.

8. HR Implications

There are no HR implications of approving this report.

9. Other Implications:

9.1. Equalities Implications

There are no equalities implications from approving this report.

1.1. **Community Safety Implications**

There are no community safety implications from approving this report.

1.2. **Climate Change and Sustainability Implications**

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.

1.3. **Health and Safety Implications**

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

2. **Social Value**

There are no social value implications from approving this report.

3. **Background**

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

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.

4. Report

This report sets out the position for South Somerset's 2021/22 accounts. The progress report from Grant Thornton is attached and outlines that:

- Resources to complete audit queries on behalf of the Council has caused delays.
- Reassurances have been given from senior management that this will improve.
- If queries are answered in a timely way then completion is possible by the October Audit Committee.
- Delays have meant that additional audit fees of £20k will apply.

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.

5. Background Papers

Report to Executive Committee 2nd August 2023.

6. Appendices

- As attached