
Sedgemoor District Council Statement of Accounts 2022/23 and external audit report

Lead Member(s): Liz Leyshon, Deputy Leader of the Council and Lead Member for Resources and Performance

Local Member(s) and Division: All

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

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Summary

1. The Accounts and Audit Regulations 2015, as amended by the Accounts and Audit (amendment) Regulations 2022 states that, as part of the formal process of closing the 2022/23 accounts, for the legacy Sedgemoor District Council, the Chief Financial Officer is required to approve the draft Statement of Accounts by 31 May and the Audit Committee is required to approve the audited accounts by 30th September 2023.

In discussions with Grant Thornton UK LLP around resource availability and quality of draft accounts produced, not all legacy Somerset District/County accounts could be completed and audited within the above timeline. Therefore, Sedgemoor District Council draft accounts were published in August 2023, a redraft issued in November 2023 and have been audited between October 2023 to March 2024.

2. The 2022/23 external audit has been finalised. The Audit Finding Report issued by Grant Thornton UK LLP presents an unqualified opinion of the audited accounts for the Audit Committee's consideration and approval, accompanied by the findings of the external auditors.

Issue for Consideration / Recommendations

3. The Audit Committee are asked to:

3.1. Approve the Statement of Accounts as attached in Appendix 1/ To Follow for Sedgemoor District Council for 2022/23 OR delegates approval for the accounts to the Executive Director of Resources and Corporate Services in conjunction with the Chair or Vice-Chair, once any outstanding matters have been resolved.

3.2. Approve the updated Annual Governance Statement as included within the Statement of Accounts.

3.3. Notes the Audit Findings report from the external Auditors Grant Thornton UK LLP as per Appendix 2.

3.4. Approve the signing of the letter of representation as per Appendix 3.

Financial and Risk Implications

4. There are no direct financial and risk implications.

HR Implications

5. There are no direct HR implications from the Statement of Accounts/reports.

Legal Implications

6. There are no direct legal implications.

Other Implications

7. There are no other considered implications

Background Papers

Statement of Accounts

8. 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 include the requirement for the formal approval, by a full Committee, of the Authority's Statement of Accounts.

9. The Statement of Accounts (Appendix 1 / TO FOLLOW) has been prepared in accordance with the current Code of Practice on Local Authority Accounting in Great Britain (The Code). The Statement is required to present a true and fair view of the former Sedgemoor District Council's financial position as at 31 March 2023 and also the income and expenditure for the financial year 2022/23.
10. The Authority's external auditors, Grant Thornton, started their detailed examination of the Statement of Accounts in October 2023. The audit has been substantially completed and there are no matters currently aware of that would require modification to the unqualified audit opinion. There are some minor elements of the audit that remain outstanding at this point in relation to a few outstanding audit sample requests.
11. The Audit Findings Report based on work completed to date is shown in appendix 2. Page 3 of the report highlights significant matters experienced by the auditors whilst undertaking their work which did cause delays in the audit, and the need for the accounts to be redrafted in elements. You will note page 6 acknowledges the finance team and other supporting officers (significantly property and HR). The challenges of staff changes and a new finance system as well as 5 Council's into one has impacted. Some of these issues will continue to impact on the 2023/24 accounts but management are looking to mitigate this as much as possible and prevent the reoccurrence of such issues.
12. Section 2 of the report provides assessment around possible significant risks and key control weaknesses, highlighting there is low or no risk in key areas. Management response and following action is included where appropriate.
13. There are a series of audit findings, as set out in Appendix B of the report (page 34 onwards). This includes the Council's acceptance and management response to the findings – either by further work and amending the accounts or as not material but look to strengthen processes in the future.
14. Appendix D of the report (page 39 onwards) details the adjustments made to the accounts. The most significant being the classification and revaluation required for Northgate Yard. For future account productions, the Councils accounting and valuation teams will ensure a full review of assets classified as under construction are reviewed annually with any reclassification/valuation made in a timely manner.

15. Grant Thornton are only able to formally conclude the audit and issue their final Audit Report and Audit Certificate if they have received a copy of the Statement of Accounts as approved by this Committee and all elements of their work are concluded.

Letter of Representation

16. The International Standard on Auditing 580 requires auditors to obtain written representations from management and, where appropriate those charged with governance in an audit of the financial statements. This statement can be found in Appendix 3 as a formal Management Representation letter to Grant Thornton.
17. The Committee are requested to formally approve this representation. Once approved the letter will be passed to our auditors.

Annual Governance Statement

18. The Annual Governance Statement (AGS) for 2022/23 was approved by the Audit Committee as part of the draft accounts in August 2023. Best practice requires local authorities to review their Annual Governance Statement immediately before the Statement of Accounts is approved to ensure that the governance framework and risks have not significantly changed since the review was carried out.
19. In the light of Local Government Reorganisation, also updated in the other former councils AGS and account sign offs, the Governance Board will develop an Action Plan for 2023/24 aimed at further strengthening the Council's governance. Many of these will already be known and on-going actions, such as the review of the Constitution and key financial and organisational policies. This follows the best practice in that the Annual Governance Statement should also reflect the unique features and challenges of the Council, and that it should therefore anticipate known and potential governance challenges ahead.

Appendices

- Appendix 1 – **TO FOLLOW** Legacy Sedgemoor District Council's Statement of Accounts 2022- 23
- Appendix 2 – Grant Thornton UK LLP 2022/23 Audit Findings Report
- Appendix 3 – Legacy Sedgemoor District Council's Letter of Representation