

External Audit Indicative Audit Plan for Somerset Council for 2023/24

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: Nicola Hix – Service Director Finance and Procurement

Contact Details: nicola.hix@somerset.gov.uk

Summary

1. The external audit planning work for the 2023/24 financial year started in March 2024, and their final visit is scheduled to take place between October and December 2024. Appendix A sets out the external auditors' audit plan and approach to delivering the Audit Findings Report and our Auditors Annual Report.
2. External audit will report back to this committee any significant matters arising from the audit. Significant risks requiring audit consideration and procedures to address the likelihood of a material financial statement error have been identified as:
 - a) Accounting for Local Government Reorganisation – merging of information and opening balances from legacy councils
 - b) New system implementation – first year on Microsoft Dynamics 365
 - c) Management override of controls – particularly journals, management transactions and transactions outside
 - d) Valuation of pension fund net liability
 - e) Valuation of land and buildings: investment properties; and Council dwellings
3. Grant Thornton will communicate significant findings on these areas as well as any other significant matters arising from the audit to you in their Audit Findings currently scheduled to come to Committee in January 2025.

Recommendations

4. The Audit Committee is asked to:

- a) note the attached external auditors (Grant Thornton) Audit Plan for Somerset Council for 2023/24.

Financial and Risk Implications

5. There are no direct financial implications associated with noting this plan. It is worth noting that the proposed audit fee for completing this audit by the end of the calendar year is £755,282. This fee is dependent on the provision of good quality and timely financial statements with supporting working papers, with no significant new financial reporting matters arising that require additional time and specialist input.

Council Plan Implications

6. It is important for Somerset Council to ensure that all prior year audits for the legacy Councils are completed. 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.

Legal, HR, Equalities and Community Safety Implications

7. There are no direct legal implications of the recommendation.

Climate Change and Sustainability Implications

8. 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 manufactured 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

9. There are no health and safety implications from noting this report.

Social Value

10. There are no social value implications from noting this report.

Background

11. The scope of the audit is set in accordance with the Code and International Standards on Auditing. Grant Thornton are responsible for forming and expressing an opinion on the Council's group financial statements that have been prepared by management with the oversight of those charged with governance, namely Audit Committee.
12. As part of their work, Grant Thornton also considers whether there are sufficient arrangements in place the Council and group for securing economy, efficiency and effectiveness in the Council's use of resources. Value for money relates to ensuring that resources are used efficiently in order to maximise the outcomes that can be achieved.
13. It is the Council's responsibility to ensure that proper arrangements are in place for the conduct of its business, and that public money is safeguarded and properly accounted for.

Report

14. This report requests that the Audit Committee notes the external auditors (Grant Thornton) Audit Plan and key deliverables for the 2023/24 Somerset Council Accounts. Grace Hawkins from Grant Thornton will be attending the committee in person to go through the Audit Plan.

Background Papers

Appendices

Appendix A – External Audit Indicative Audit Plan for Somerset Council for 2023/24