

Audit Committee
Meeting Date – 25 January 2024



Joint Auditors' Annual Report to Somerset Council

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

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Summary

1. The report details the Auditors' finding on arrangements in place at the Council to secure Value for Money. It reports on whether all aspects of the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.
2. In completing this assessment, Grant Thornton have looked at the arrangements in place for the continuing authority Somerset County Council and three of the legacy District Councils (South Somerset District Council, Somerset West and Taunton District Council, and Sedgemoor District Council for the 2022/23 financial year. Grant Thornton were not the appointed auditor for Mendip District Council for 2022/23.
3. This report includes a summary of findings and recommendations to Somerset Council, as the new unitary Council, which are accompanied by the Council's management response.

Issue for Consideration / Recommendations

4. The Audit Committee is asked to:

4.1. note the Auditors' Annual Report (appendix 1) and all recommendations, and

PAPER A

4.2.note and endorse management's proposed responses and action to the improvement recommendations.

Financial and Risk Implications

5. There are no direct financial implications associated with these recommendations.
6. ORG0057 Sustainable MTFP is the strategic risk recorded and being actively monitored. This risk is owned by the Section 151 officer/Executive Director, Resources & Corporate Services along with the current live actions that are being monitored to mitigate this risk. This risk has the potential to negatively impact the 4 priorities of the Council Plan.

	Likelihood		Impact	Risk Score
ORG0057 Sustainable MTFP	5	x	5	25

Other risks currently on the register are:

	Likelihood		Impact	Risk Score
CS0034- Continued high needs block budget pressures and cumulative deficit	3	x	3	9
ORG0063 - Commercial investment - inability to achieve forecast income and drop in values	4	X	4	12

Other Implications:

Council Plan Implications

7. The report supports the transparent accountability for the Council's financial sustainability, good governance, and delivery of value for money with public funds.

Legal Implications

8. There are no direct legal implications of the recommendations.

HR Implications

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9. There are no direct HR implications of the recommendations.

Equalities Implications

10. There are no equalities implications from this report.

Community Safety Implications

11. There are no community safety implications from approving this report.

Climate Change and Sustainability Implications

12. 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

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

Social Value

14. There are no social value implications from approving this report.

Background

15. The Code of Audit Practice, which was revised in 2020, updated the way external auditors report on arrangements to secure value for money. This has resulted in a more comprehensive report and is the outcome of the substantial work undertaken by the External Auditors (Grant Thornton) which involved research and evidence gathering to support the Council's position in respect of:

- Ensuring financial sustainability
- Managing governance arrangements
- Securing economy, efficiency, and effectiveness in its use of resources

16. Recommendations made in the report are classified into a hierarchy of levels:

PAPER A

- Statutory Recommendations
- Key Recommendations
- Improvement Recommendations

17. Details of the hierarchy of recommendations are contained in Appendix B in the Auditor's Annual Report on page 76.

Report

18. The external auditors have made no statutory recommendations to the Council as a result of their findings, but they have made seven key recommendations and six improvement recommendations, as summarised on pages 10 to 12 of the report. The detail behind these recommendations can be seen on pages 14 to 25 for the key recommendations and pages 46 to 51 for the improvement recommendations.
19. All recommendations are linked to financial sustainability, governance arrangements or efficient and effective use of resources. Management agrees with the recommendations and have provided a response to each recommendation, which is included in the bottom section of each recommendation, detailing the action already taken or proposed to be taken to address each one.

Background Papers

Appendices

- Appendix A - Internal Auditor's Annual Report to Somerset Council