

# **Somerset West and Taunton Council**

## **Audit and Governance Committee – 26 July 2021**

### **External Audit Report on Objection to TDBC 2018/19 Accounts**

**This matter is the responsibility of Executive Councillor Ross Henley, Corporate Resources**

**Report Author: Paul Fitzgerald, Assistant Director – Finance and S151 Officer**

#### **1 Executive Summary / Purpose of the Report**

- 1.1 The 2018/19 Statement of Accounts for Taunton Deane Borough Council (TDBC), one of the predecessors of Somerset West and Taunton Council (SWTC), was approved by the Audit Governance and Standards Committee on 11 November 2019. The Committee received the external auditor's unqualified audit opinion, which supported the conclusion the accounts presented a true and fair view of TDBC's financial performance and position for the year ended 31 March 2019.
- 1.2 Although the accounts have been approved and published together with the auditor's opinion, as reported at the time, there remained an outstanding matter in respect of an objection to the accounts. This was lodged with the auditor by a local elector, exercising their rights under the Accounts and Audit Regulations 2015, related to redundancy payments. The final notice to close the audit for 2018/19 had not been issued by Grant Thornton LLP pending the review and findings in respect of the objection.
- 1.3 This report presents a summary of the work undertaken by Grant Thornton LLP in response to the Objection, and their conclusions and recommendations.
- 1.4 Grant Thornton LLP has subsequently issued its notices of the conclusion of the audit for both the 2018/19 TDBC Accounts and the 2019/20 SWTC Accounts.

#### **2 Recommendations**

- 2.1 The Committee receives and notes the summary report and recommendations from Grant Thornton LLP in respect of the Objection to the Taunton Deane Borough Council Statement of Accounts 2018/19.
- 2.2 The Committee notes that Grant Thornton LLP gave notice on 21 June 2021 of the Conclusion of the 2018/19 Audit for Taunton Deane Borough Council and of the 2019/20 Audit of Somerset West and Taunton Council.

#### **3 Risk Assessment**

- 3.1 As this matter is now closed there are no remaining risks in respect of this report.

## **4 Background and Full details of the Report**

- 4.1 The 2018/19 Statement of Accounts for Taunton Deane Borough Council (TDBC), one of the predecessors of Somerset West and Taunton Council (SWTC), was approved by the Audit Governance and Standards Committee on 11 November 2019. The Committee received the external auditor's unqualified audit Opinion, which supported the conclusion the accounts presented a true and fair view of TDBC's financial performance and position for the year ended 31 March 2019.
- 4.2 Although the accounts have been approved and published together with the auditor's opinion, as reported at the time there remained an outstanding matter in respect of an objection to the accounts related to redundancy payments. This was lodged with the auditor by a local elector, exercising their rights under the Accounts and Audit Regulations 2015. The final notice to close the audit for 2018/19 had not been issued by Grant Thornton LLP pending the review and findings in respect of the objection.
- 4.3 Grant Thornton LLP has now concluded its review in response to the objection, with a summary of the background, work undertaken, findings and recommendations included in the attached report.
- 4.4 It is pleasing to note that the external auditor has concluded:
- a) he will not issue a Report in the Public Interest
  - b) he did not believe the redundancy payments were unlawful and would not be seeking a declaration from the Court to that effect.
- 4.5 Nonetheless there are valuable lessons identified within the recommendations presented by Grant Thornton in the attached report, which members are requested to note and take into account in any future decision making in respect of redundancies.

## **5 Links to Corporate Strategy**

- 5.1 This relates to the Council's financial reporting statutory duty and is not directly related to the Corporate Strategy.

## **6 Finance / Resource Implications**

- 6.1 Grant Thornton LLP proposed to charge additional audit fees totalling £10,641 in respect of the work undertaken related to the Objection. This reflects costs of staff time and legal advice. The proposed fee request has been submitted to Public Sector Auditor Appointments (PSAA) to review for reasonableness.

## **7 Legal Implications**

- 7.1 Any member of the public may issue a written notice of objection to the external auditor during the public inspection period, in line with the Local Audit and Accountability Act 2014 and the Accounts and Audit Regulations 2015.

### **Democratic Path:**

- **Audit and Governance Committee – Yes 26 July 2021**
- **Full Council – No**

**Reporting Frequency: Once only**

**List of Appendices:**

- **Grant Thornton report**

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