

# Somerset West and Taunton Council

## Audit Governance and Standards Committee – 31 July 2019

### West Somerset Council Audit Findings Report 2018/19

This matter is the responsibility of Executive Councillor Ross Henley

Report Author: Paul Fitzgerald, Strategic Finance Advisor and S151 Officer

#### 1 Executive Summary

- 1.1 This short covering report introduces the annual report of our external auditor Grant Thornton outlining their findings from their audit of the Statement of Accounts for West Somerset Council (WSC), and the arrangements to secure Value for Money.
- 1.2 I am pleased to report that following the detailed review of financial statements and our governance and control arrangements, the Auditor has indicated their intention to provide an “unqualified” opinion on the accounts for 2018/19 for WSC, and an “unqualified VFM conclusion” in respect of arrangements to secure economy, efficiency and effectiveness, in the use of resources i.e. providing value for money. The opinion this year includes an “Emphasis of Matter” reflecting the transfer of services to the new Council.

#### 2 Recommendations

- 2.1 Members are requested to note the report from our external Auditor on WSC’s Statement of Accounts for 2018/19.
- 2.2 Members are requested to note the Auditor’s unqualified value for money conclusion.

#### 3 Risk Assessment

##### Risk Matrix

Description	Likelihood	Impact	Overall
The Statement of Accounts do not provide a true and fair view of the Council’s financial position and performance	2	4	8
<i>Arrangements for financial control, accounting and reporting are robust, and Statement of Accounts subject to external audit</i>	1	4	4

- 3.1 The scoring of the risks identified in the above table has been based on the scoring

matrix. Each risk has been assessed and scored both before the mitigation measures have been actioned and after they have.

### Risk Scoring Matrix

<b>Likelihood</b>	5	Almost Certain	Low (5)	Medium (10)	High (15)	Very High (20)	Very High (25)
	4	Likely	Low (4)	Medium (8)	Medium (12)	High (16)	Very High (20)
	3	Possible	Low (3)	Low (6)	Medium (9)	Medium (12)	High (15)
	2	Unlikely	Low (2)	Low (4)	Low (6)	Medium (8)	Medium (10)
	1	Rare	Low (1)	Low (2)	Low (3)	Low (4)	Low (5)
			1	2	3	4	5
			Negligible	Minor	Moderate	Major	Catastrophic
			<b>Impact</b>				

<b>Likelihood of risk occurring</b>	<b>Indicator</b>	<b>Description (chance of occurrence)</b>
1. Very Unlikely	May occur in exceptional circumstances	< 10%
2. Slight	Is unlikely to, but could occur at some time	10 – 25%
3. Feasible	Fairly likely to occur at same time	25 – 50%
4. Likely	Likely to occur within the next 1-2 years, or occurs occasionally	50 – 75%
5. Very Likely	Regular occurrence (daily / weekly / monthly)	> 75%

## 4 Background and Full details of the Report

- 4.1 The 2018/19 Unaudited Statement of Accounts for WSC was signed off by the Council's S151 Officer before 31 May 2019 – within the statutory deadline for 2018/19, and before the start of the external audit review.
- 4.2 Most of the external audit review has been completed and subject to work outstanding being completed and queries being resolved the auditor has indicated their intention to issue an “unqualified opinion” for the Statement of Accounts for WSC, as showing a true and fair view of the Council's financial position and performance.
- 4.3 The auditor has also reviewed the arrangements to secure economy, efficiency and effectiveness in our use of resources, and provides an opinion in the form of a value for money conclusion. Their report states that ‘the Council had proper arrangements for securing economy, efficiency and effectiveness in its use of resources’.

## **5 Links to Corporate Aims / Priorities**

5.1 This report links to the Council's aim of achieving financial stability.

## **6 Finance / Resource Implications**

6.1 The auditor's report has not identified any non-trivial misstatements to date, and two disclosure changes which have been updated in the draft accounts. Management have not adjusted for two reported misstatements which are not material to the financial position or performance of the Council.

6.2 This is the final (draft) Statement of Accounts for West Somerset District Council, with all assets, liabilities and balances transferring to Somerset West and Taunton Council on 1 April.

6.3 The S151 Officer acknowledges that the completion of the financial statements have been undertaken at a time of significant change to the organisation with transformation and the implementation of the new Council, directly impacting on the finance function as well as other teams. The S151 Officer places on record his thanks to the team who have worked extremely hard to complete the accounts and support the completion of the audit during this period of disruption.

## **7 Legal Implications**

7.1 The Council has a statutory duty to produce financial statements.

## **8 Environmental Impact, Safeguarding and/or Community Safety, Equality and Diversity, Social Value, Partnership, Health and Wellbeing, Asset Management, Consultation Implications**

8.1 None.

### **Democratic Path:**

- **Audit, Governance and Standards Committee – 31 July 2019**

**Reporting Frequency: Annually**

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