



## 2021/22 Auditor's Annual Report

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## Purpose of the Report

1. The report details the Auditor's findings 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. The report also includes a summary of findings and recommendations to the Council which are accompanied by the Council's management response.

## Forward Plan

3. This report appeared on the Audit Committee Forward Plan with an anticipated Committee date of 23<sup>rd</sup> March 2023.

## Public Interest

4. The Local Audit and Accountability Act 2014 makes the Comptroller and Auditor General responsible for the preparation, publication, and maintenance of the Code of Audit Practice. The Code sets out what local auditors are required to do to fulfil their statutory responsibilities under the Act. For audits from 2020/21, a revised 2020 Code of Audit Practice applies. The new Code makes changes to the way local auditors report on arrangements to secure Value for Money (VFM).
5. A statutory recommendation under schedule 7 of the Local Audit and Accountancy Act requires Full Council to discuss and respond publically on the report.

## Recommendations

6. The Audit Committee is asked to:
  - to note the Auditor's Annual Report and recommendations.
  - to note and endorse management's proposed responses and actions to the improvement recommendations.

## Background

7. 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.
8. Recommendations made in the report are classified into a hierarchy of levels:
  - Statutory Recommendations
  - Key Recommendations
  - Improvement Recommendations
9. Details of the hierarchy of recommendations are contained in Appendix C in the Auditor's Annual Report.

## Report

10. The external auditors have made no statutory or key recommendations but have made eight improvement recommendations. The number of recommendations made and criteria is summarised below:
  - **Governance** – Three improvement recommendations (Page 13-15)
  - **Financial Sustainability** – Four improvement recommendations (Page 25-28)
  - **Improving, economy, efficiency and effectiveness** – One recommendation (Page 33)
11. Details of the 2020/21 recommendations and the progress made by management in respect of the recommendations is included on pages 34 to 36.
12. Its important to recognise this report shows the Council is in a much stronger and improved position than the previous year. The recommendations made will largely be taken forward for adoption in the new Somerset Council as detailed in the report.

## Financial Implications

13. There are no direct financial implications associated with these recommendations.



### **Council Plan Implications**

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

### **Carbon Emissions and Climate Change Implications**

15. There are no implications arising from this report.

### **Equality and Diversity Implications**

16. There are no implications arising from this report.

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