

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SOMERSET COUNTY COUNCIL (the "Authority")**

### **Issue of audit opinion on the financial statements**

In our audit report for the year ended 31 March 2019 issued on 31 July 2019 we reported that, in our opinion the financial statements:

- give a true and fair view of the financial position of the Authority as at 31 March 2019 and of expenditure and income for the year then ended;
- had been prepared properly in accordance with the CIPFA/LASAAC code of practice on local authority accounting in the United Kingdom 2018/19; and
- had been prepared in accordance with the requirements of the Local Audit and Accountability Act 2014.

### **Issue of audit opinion on the pension fund financial statements**

In our audit report for the year ended 31 March 2019 issued on 31 July 2019 we reported that, in our opinion the pension fund financial statements of Somerset Pension Fund:

- give a true and fair view of the financial transactions of the pension fund during the year ended 31 March 2019 and of the amount and disposition at that date of the fund's assets and liabilities,
- had been prepared properly in accordance with the CIPFA/LASAAC code of practice on local authority accounting in the United Kingdom 2018/19; and
- had been prepared in accordance with the requirements of the Local Audit and Accountability Act 2014.

### **Conclusion on the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources**

In our audit report for the year ended 31 March 2019 issued on 19 September 2019 we reported a qualified conclusion in the following terms:

#### **Qualified Conclusion**

On the basis of our work, having regard to the guidance on the specified criterion issued by the Comptroller and Auditor General in November 2017, except for the effects of the matter described in the basis for qualified conclusion section of our report, we are satisfied that, in all significant respects, the Authority put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2019.

#### **Basis for qualified conclusion**

In considering the Authority's arrangements for securing efficiency, economy and effectiveness in its use of resources we identified the following matters:

The Council made a small underspend against its 2018/19 revenue budget. However, this was only achieved following the implementation of emergency measures midway through the financial year, including:

- setting a new budget for children's services
- identifying and delivering additional savings.

The Council has increased its general fund and earmarked reserves from £23.7 million at 31 March 2018 to £44.2 million at 31 March 2019 (excluding school reserves). Despite this increase, these levels of reserves remain low in comparison to similar councils and provide limited capacity to absorb unexpected future financial pressures.

These matters are indicative of weaknesses in the Authority's arrangements for strategic financial planning. They are evidence of weaknesses in proper arrangements for sustainable resource deployment in planning finances effectively to support the sustainable delivery of strategic priorities and maintain statutory functions.

## **Certificate**

In our report dated 31 July 2019, we explained that we could not formally conclude the audit on that date until we had completed the work necessary to issue our Whole of Government Accounts (WGA) Component Assurance statement for the year ended 31 March 2019, and issued our report on the consistency of the pension fund financial statements included in the Pension Fund Annual Report of Somerset Pension Fund with the pension fund financial statements included in the Statement of Accounts. We have now completed this work and issued our opinion.

No matters have come to our attention since that date that would have a material impact on the financial statements on which we gave an unqualified opinion or a significant impact on our conclusion on the Authority's arrangements for securing value for money through economic, efficient and effective use of its resources.

We certify that we have completed the audit of the financial statements of Somerset County Council in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice issued by the National Audit Office on behalf of the Comptroller and Auditor General.

***Peter Barber***

Peter Barber, Key Audit Partner  
for and on behalf of Grant Thornton UK LLP, Local Auditor

Bristol

***4 November 2019***