

## **AUDIT AND GOVERNANCE PANEL (SPECIAL)**

Minutes of a hybrid webcast meeting on 28 June 2022 at 2.00 p.m.

Present

in County

Hall: Councillors Peter Henderson (Chair), Cameron Ramsay and Gavin Scott.

Present

Remotely: Councillors Kenneth Bell, Chris Cullen, Brian McGinley and George Weir.

Apology: Councillor Mary Kilpatrick.

Attending in County Hall : E. Howat, Chief Executive; T. Baulk, Head of Finance, and ICT; W. Carlaw, Service Lead – Democratic Governance; T. Simpson, Service Lead - Corporate Accounting; J. McClure, Committee Services Lead Officer; A. Gibson, Committee Services Officer, and C. McCallum, Committee Services Assistant.

Attending Remotely: C. McGhee, Chief Internal Auditor; L. Duncan, Chief Finance Officer, Health and Social Care Partnership; and K. Watt, Deloitte LLP.

### **Opening Remarks.**

The Chair

- (1) welcomed everyone to the meeting; and
- (2) outlined the procedures for conducting this meeting and advised that this meeting would be broadcast live.

### **1. Sederunt and Declarations of Interest.**

The Chair called the Sederunt for the meeting and having called the roll, confirmed that there were no declarations of interest by Members of the Panel in terms of Council Standing Order No. 17 and the Councillors' Code of Conduct.

### **2. Annual Accounts 2021/22**

There was submitted a [report](#) (issued) of 21 June 2022 by the Head of Finance and ICT presenting the unaudited Annual Accounts for the year ended 31 March 2022 ('the unaudited Accounts').

The Service Lead – Corporate Accounting outlined the main points of the report, in particular the Management Commentary which narrated the Council's financial performance and elements of its operational performance throughout the year. He further referred to a typographical error on page 25 within the Governance Statement where two sentences had been repeated from last year's document, however, he advised that this would be amended in the audited version of the document.

The Chair commented that, although the Accounts indicated that the Council was in a sound financial position, one omission which failed to highlight the efforts of all staff during this financial year was when the explosion at Kincaidston had occurred, a disaster which had required a vast amount of time, money and staff resources; and that this should be taken cognisance of when reading these Accounts and also mentioned within the Accounts so that those unaware of this disaster understood the difficulties Council employees had worked under.

Following a question from a Panel Member regarding the pie charts on Page 9 of Appendix 1 on "Actual net service expenditure as a percentage of budget", the Service Lead – Corporate Accounting clarified that the percentage spent in 2021/22 was indeed higher than that spent in 2020/21 and that the lesser % spend against budget referred to pre-Covid years; and that he would ensure this was clarified in the final report.

The Panel, having thanked the Service Lead – Corporate Accounting and his staff for their work on these Accounts under difficult circumstances,

**Decided:**

- (1) to approve the accounting policies (contained in Appendix 1 to the report) used in preparing the 2021/22 Annual Accounts;
- (2) having considered the unaudited Annual Accounts (attached as Appendix 1 to the report), noted that all figures remained subject to audit;
- (3) having considered the unaudited Charitable Trust Accounts (attached as Appendix 2 to the report), noted that all figures remained subject to audit; and
- (4) requested the Head of Finance and ICT to report back to the Panel following completion of the audit.

**5. External Audit – Audit Dimensions and Best Value Report 2021/22**

There was submitted a [report](#) (issued) of 21 June 2022 by the Head of Finance and ICT presenting the proposed independent auditor's Audit Dimensions and Best Value Audit report to Members, and to allow the auditor to communicate the matters raised during the audit to the Panel.

The Head of Finance and ICT advised that Deloitte LLP were providing two separate reports within its audit of the Council's 2021/22 financial statements with the Audit Dimensions and Best Value audit report being before this Panel for consideration; and the final 2021/22 audit report covering the audit of the financial statements being presented to this Panel at its meeting in November 2022.

K. Watt, Deloitte LLP outlined the key messages within the report; highlighted the positive developments and progress made by the Council; made reference to the challenges experienced due to staff resource changes and vacancies; and highlighted those areas the Council required to prioritise.

A question was raised by a Panel Member on whether the indications in the action plan gave Deloitte LLP reassurance that significant effort was being made to deliver their recommendations stated; and K. Watt advised that a lot of work had taken place over the past six months and that commitment to change had been demonstrated

Following a comment by a Panel Member that the action plan should be more tightly monitored, the Chair outlined that it was the function of this Panel to maintain scrutiny and monitor progress; and K. Watt further advised that management was progressing the recommendations made by Deloitte, however, it was the role of this Panel to monitor that and to ensure that targets were being met.

The Panel thanked Deloitte LLP for the thorough work carried out on this positive report which gave good direction to the Council and, having considered the 2021/22 Audit Dimensions and Best Value Audit Report by Deloitte LLP, attached as Annex 1 to the report

**Decided:** to note that there were no new actions contained in the Appendices to the Deloitte LLP Interim Audit Report (Annex 1).

The meeting ended at 10.35 a.m.