

AUDIT AND GOVERNANCE PANEL (SPECIAL).

Minutes of a remote meeting on 29 June 2021 at 10.00 a.m.

Present: Councillors Martin Dowey (Chair), Douglas Campbell, Alec Clark, Hugh Hunter, Lee Lyons, Helen Moonie and Arthur Spurling.

Apology: Councillor Laura Brennan-Whitefield.

Attending: E. Howat, Chief Executive; T. Baulk, Head of Finance and ICT; W. Carlaw, Service Lead – Democratic Governance; T. Simpson, Service Lead – Corporate Accounting; L. Miller, Chief Internal Auditor; and J. McClure, Committee Services Lead Officer.

In Attendance: C. Balfourt, Deloitte LLP.

Opening Remarks.

The Chair took the sederunt and confirmed that today's meeting was not open to the press and public, which was permissible under the COVID-19 legislation. He also confirmed to Members the procedures to conduct this meeting and that this meeting would be recorded for minuting purposes only.

1. Declarations of Interest.

There were no declarations of interest by Members in terms of Council Standing Order No. 17 and the Councillors' Code of Conduct.

2. Annual Accounts 2020/21.

There was submitted a [report](#) (issued) of 23 June 2021 by the Head of Finance and ICT presenting the unaudited Annual Accounts for the year ended 31 March 2021 ('the unaudited Accounts').

The Service Lead – Corporate Accounting advised that a members' seminar had taken place in May 2021 to brief members on the contents of the Annual Accounts; and that the three Charitable Trust Accounts had now been combined into one document but were separately identifiable within the document, following discussions with the Auditors.

Questions were raised by Panel Members in relation to:-

- (1) the monies held within the Accumulated General Fund Reserves and the misconception that these monies were uncommitted; and the Service Lead – Corporate Accounting advised that outlining the reserves in a chart was the most straightforward way to portray the reserves; that a significant amount of these reserves was due to Covid-19 and associated funding received from the Scottish Government over the past fifteen months; and that the uncommitted reserves available were similar to previous years of around 2-4% of net expenditure;

- (2) the assets listed within the Annual Accounts which were not liquid assets and could not be converted to monies; and the Service Lead – Corporate Accounting advised that the Council held a significant amount of assets which could not be converted to monies, e.g. roads and social housing, however, these assets warranted inclusion in the Council's Balance Sheet in line with accounting requirements, as they were assets of the Council;
- (3) the impact on the Capital Programme of increased costs of building materials; and the Service Lead – Corporate Accounting advised that the Council took cognisance of these factors; that there was a rigorous process in terms of assessing the impact of Covid-19 and Brexit and the Council's planned spend; and that the Capital Programme, managed through the Place Directorate, had identified those elements and they were being factored into future borrowing requirements;
- (4) whether the assets within the Annual Accounts could be presented in a way which was clear for members of the public to understand; and the Service Lead – Corporate Accounting advised that the function of the service was to present the Annual Accounts based on accounting standard and the Code of Practice; that the Management Commentary at the start of the Annual Accounts document was designed to tell the story of the Council's financial position during the year; and that the Council's Auditors had previously commended the Council's Management Commentary;
- (5) the position with Prestwick Common Good Fund; and the Service Lead – Corporate Accounting advised that the Prestwick Common Good Fund had retained a positive balance in capital reserves and revenue reserves this financial year, when previous years had shown a small deficit;
- (6) the position with Troon Common Good Fund; and the Service Lead – Corporate Accounting advised that there was a small income in this Fund from a long-term leasehold of the former public conveniences at Templehill;
- (7) the position with Girvan Common Good Fund; and the Service Lead – Corporate Accounting outlined the assets within this Fund and the expenditure to maintain these assets and that there was insufficient income to fund that expenditure, therefore, the Leadership Panel had taken a decision in 2008 to underwrite the deficit in this Fund; and following a question on whether a note should therefore be included in the Annual Accounts outlining the costs to the Common Good Funds, the Service Lead – Corporate Accounting advised that the Accounts reflected the transactions that had taken place throughout the year;
- (8) the information provided within the Annual Accounts; and the Service Lead – Corporate Accounting advised that the information within the Accounts was reported quarterly to the Leadership Panel, that the Accounts were available for public inspection and members of the public could ask questions as a statutory right and through Freedom of Information requests;
- (9) the "Movement in Property Plant and Equipment" of Prestwick Common Good Fund and whether a breakdown could be provided of the assets; and the Service Lead – Corporate Accounting advised that he would provide this in writing; and

- (10) the presentation of the Annual Accounts; and the Head of Finance and ICT advised that the Council adhered to the Accounting Code of Practice and that the Accounts were presented similar to previous years' accounts and similar to other Local Authorities' Accounts.

The Panel having commended the Head of Finance and ICT and his officers for the very positive Annual Accounts,

Decided:

- (a) to approve the accounting policies (contained in [Appendix 1](#)) used in preparing the 2020/21 Annual Accounts;
- (b) having considered the unaudited Annual Accounts ([Appendix 1](#)), to note that all figures remained subject to audit;
- (c) having considered the unaudited Charitable Trust Accounts ([Appendix 2](#)), to note that all figures remained subject to audit; and
- (d) to request the Head of Finance and ICT to report back to the Panel following completion of the audit.

The meeting ended at 10.40 a.m.