

AUDIT AND GOVERNANCE PANEL.

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

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

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

In Attendance: K. Watt, 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. Call-ins from Leadership Panel.

The Panel noted that there were no call-ins from the Leadership Panel of 15 September (Special) or 21 September 2021.

3. Minutes of Previous Meeting.

The Minutes of the meeting of [1 September 2021](#) (issued) were submitted and approved.

4. Action Log and Work Programme.

There was submitted an update of the [Action Log and Work Programme](#) for this Panel (issued).

The Head of Finance and ICT provided the Panel with an update on the status of the Action Log and Work Programme and responded to a question regarding item 1 on the Action Log by advising that the Head of Legal, HR and Regulatory Services was currently working on this briefing note.

The Panel

Decided: to note the current status of the Action Log and Work Programme.

External Audit Reports

5. Audit Scotland: Fraud and Irregularity 2020/21

There was submitted a [report](#) (issued) of 22 September 2021 by the Head of Finance and ICT advising Members of the findings from the Audit Scotland report 'Fraud and Irregularity 2020/21'.

The Head of Finance and ICT outlined that this was a national report; summarised the key messages in the report and referred to paragraph 4.2 which outlined the Council's actions in response to the Covid-19 pandemic.

A Member commented that the Council's ICT Department issued regular e-mails to all Elected Members and staff reminding them to be aware of potential risks from cyber attacks from phishing e-mails and advising them to be vigilant; and that he was pleased to note that robust mitigations were in place for these risks.

The Panel, having considered the findings outlined in the Audit Scotland report 'Fraud and Irregularity 2020/21' (attached as [Appendix 1](#)) and the arrangements in place within South Ayrshire Council,

Decided: to note the report.

6. External Audit Reports : Progress to 31 August 2021.

There was submitted a [report](#) (issued) of 22 September 2021 by the Head of Finance and ICT providing Members with an update on the progress that the Council was making in relation to external audit improvement actions.

The Head of Finance and ICT updated the Panel on the Council's progress.

The Panel, having scrutinised the progress against the Council's external audit improvement actions as presented in this report,

Decided: to note the report.

7. External Audit – Audit Dimensions and Best Value Report 2020/21.

There was submitted a [report](#) (issued) of 22 September 2021 by the Head of Finance and ICT presenting the proposed independent auditor's Audit Dimensions and Best Value Audit report to Members, and allowing the auditor to communicate the matters raised during the audit to the Panel.

K. Watt, Deloitte LLP outlined the key points within the report and advised that the Council's best value assurance report was due to be received with the content of that report also relating to Deloitte's audit dimensions report.

Comments were made and questions raised by Panel Members in relation to:-

- (1) the difficulties local authorities faced in creating a long-term financial strategy as the Scottish Government granted funding to Councils annually and K. Watt recognised that having a one-year settlement from the Scottish Government was challenging for Local Authorities and outlined that the Council's Finance Service required to compile the budget using scenario planning; and that this Authority's yearly process was managed well, however, the medium to long-term strategy required some improvements. The Head of Finance and ICT further advised that budget setting was based on assumptions and levels of funding; and that a ten year and three year plan would be submitted to the Leadership Panel for consideration in due course;
- (2) that medium to longer term planning was more loosely based, based on assumptions and required to be modified on a regular basis, which all Local Authorities were finding challenging; and the Head of Finance and ICT advised that the Feeley Review would have a huge impact on Local Government and that a report would be submitted shortly to Leadership Panel which would consider all of the points raised at this Panel; and
- (3) whether the three year and ten year plans would be rolling plans to be updated annually; and the Head of Finance and ICT advised that he was currently liaising with the Leader and Chief Executive on this matter and that the intention was to update the medium term plan on a rolling basis but not the longer term plan. The Chief Executive further advised that officers would provide projections of the financial position for their service, the subsequent implications for their service and the workforce required to carry out the necessary services and that this would then be discussed with Elected Members.

The Panel, having considered the 2020/21 Audit Dimensions and Best Value Audit Report by Deloitte LLP ([Annex 1](#)) and having commended all Council staff on their performance during the Covid-19 pandemic,

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

8. **Final Report on the 2020/21 Audit.**

There was submitted a [report](#) (issued) of 22 September 2021 by the Head of Finance and ICT presenting the Annual Accounts for the financial year ended 31 March 2021 and the proposed independent auditor's report to Members; and to allow the auditor to communicate the matters raised during the audit to the Panel.

The Service Lead – Corporate Accounting highlighted the key issues for the consideration of Panel Members, as identified by the Auditors; and updated the Panel on the audited position in relation to the reserves held by the Council on behalf of the Integration Joint Board, which was the same process as adopted by other authorities.

K. Watt, Deloitte LLP then took the Panel through the main points of the Audit Findings Report and the Annual Audit Report.

Comments were made and questions raised by Panel Members in relation to:-

- (1) whether this Council was now providing the IJB with its monies rather than the monies being presented in the Council's budget; and the Service Lead – Corporate Accounting advised that nothing had changed in value, that this process just formalised matters and monies were now shown in the IJB's reserves instead of the Council reserves; and
- (2) scrutiny of the Health and Social Care Partnership and whether there should be a joint responsibility with Ayrshire and Arran Health Board and not just this Council's responsibility; and K. Watt advised that both the Council and Health Board had an oversight of the Partnership and that there was a similar comment in the Health Board's audit.

The Panel, having commended the Finance Team for its exemplary work,

Decided:

- (a) having considered the 2020/21 Annual Audit Report by Deloitte LLP ([Annex 1](#)) to note that the Annual Accounts and Charitable Trust Accounts had an unmodified audit opinion;
- (b) to approve the Council's audited Annual Accounts ([Annex 2](#)) for signature and their subsequent issue by 30 September 2021; and
- (c) to approve the Charitable Trusts' audited Annual Accounts ([Annex 3](#)) for signature and their subsequent issue by 30 September 2021.

The meeting ended at 10.40 a.m.