

CORPORATE AND COMMUNITY PLANNING
STANDING SCRUTINY PANEL.

Minutes of Special meeting in County Buildings, Wellington Square, Ayr,
on 27th September 2012 at 12 noon.

- Present: Councillors Brian Connolly (Chair), Andy Campbell, Alec. Clark, Hywel Davies, Ann Galbraith, John Hampton and Brian McGinley.
- Apology: Councillor Douglas Campbell.
- Attending: E. Howat, Executive Director – Corporate Services; V. Andrews, Head of Legal and Administration; H. McLaughlin, Programme Review Manager; T. Baulk, Chief Accounting Officer; and E. Wyllie, Committee Services Officer.
- Also Attending: Councillor Bill McIntosh; Fiona Mitchell-Knight, Assistant Director (Audit Services); and David Richardson, Audit Manager; Audit Scotland.

1. Report to Those Charged with Governance on the 2011/12 Audit.

There was submitted a report (issued) of 19th September 2012 by the Executive Director – Corporate Services

- (1) advising of the submission of accounts for the financial year to 31st March 2012 and the proposed independent Auditor's report to the Members of the Council and to allow the Auditor to communicate the matters raised during the audit to the Panel;
- (2) informing that recognised best practice required the Council to consider the draft financial statements and the proposed independent Auditor's report and to approve a recommendation that the Executive Director – Corporate Services, the Chief Executive and the Leader of the Council sign the Accounts;
- (3) indicating that the Auditors were required under International Standard on Auditing 260 to communicate matters relating to the audit of the financial statements to those charged with governance of a body to enable appropriate action as outlined in their draft report attached as Appendix 1 of this report with the management representation letter, signed by the Executive Director on behalf of the Council, attached as Appendix 2; and
- (4) highlighting the key issues for Members as identified by the Auditors, as follows:-
 - (a) that there were no qualifications in the proposed independent Auditor's report;
 - (b) that the accumulated surplus at 31st March 2012 was £18.026m, with an uncommitted general fund balance of £8.794m and that the Council had committed to achieve an uncommitted general fund balance of £8m by 31st March 2013 and that this had been achieved by 31st March 2012; and
 - (c) that the annual report to Members would be submitted to a future meeting of this Panel.

The Executive Director – Corporate Services indicated that, due to a revised practice, the signed management representation letter (ISA 580, attached as Appendix 2 of the report) should no longer be issued in advance but, instead, signed and dated at the meeting.

Councillor Andy Campbell joined the meeting at this point.

Thereon, the Assistant Director (Audit Services) referred to the Audit Scotland report and particularly its appendices and

- (i) commented on the clarity of the accounts and took the opportunity to thank the Executive Director and her team for their assistance during the process;
- (ii) identified some areas for adjustment which had all been corrected within the accounts being presented for signature today; and
- (iii) outlined the following areas and resolutions being brought to Panel Members' attention regarding the appropriateness of accounting policies or accounting estimates and judgements, the timing of transactions, the existence of material unusual transactions or the potential effect on the financial statements of any uncertainties:-
 - (A) Equal Pay Provision;
 - (B) Reduction in Net Assets;
 - (C) Trusts Funds; and
 - (D) Investment Properties.

Various questions were raised by Members of the Panel in relation to:- pension liability and employer/employee contributions as well as the Strathclyde Pension Fund; the Trust Funds, the numbers and amounts involved and the current position with the review process; the type of items considered as heritage assets and the evaluation process for heritage assets and the Assistant Director (Audit Services) and the various Officers responded accordingly to the issues raised.

Decided: having thanked the staff within Corporate Services and the Auditors for their work, to authorise signature of the Accounts and submission of copies to Audit Scotland by 30th September 2012.

The meeting ended at 12.20 p.m.