

AUDIT AND GOVERNANCE PANEL (SPECIAL).

Minutes of a special meeting in County Buildings, Wellington Square, Ayr
on 26th September 2017 at 10.00 a.m.

- Present: Councillors Peter Convery (Chair), Alec Clark, Brian Connolly, Chris Cullen, Martin Dowey, Hugh Hunter, Helen Moonie and Arthur Spurling.
- Attending: V. Andrews, Executive Director – Resources, Governance and Organisation; T. Baulk, Head of Finance and ICT; P. Kenny, External Auditor; and A. Gibson, Committee Services Officer.

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. 2016/17 Annual Audit Report and Report to Those Charged with Governance.

There was submitted a report ([issued](#)) of 18th September 2017 by the Head of Finance and ICT providing the Annual Accounts for the financial year ended 31st March 2017 and the proposed independent auditor's report to Members of the Council, to allow the auditor to communicate the matters raised during the audit to this Panel.

The External Auditor gave an introduction to the report and advised

- (1) that his responsibilities were much broader for a local authority than for a private company; and
- (2) that a baseline had been set for the key audit strategic priorities and that it was expected to see an improvement in these priority areas over the next five years of the audit.

Following questions from Members of the Panel on a number of issues, it was noted

- (a) that the provisions relating to Inventories were standard for a local authority;
- (b) that for significant risks, "satisfactory" was the highest level of reassurance that could be given;
- (c) that the External Auditor was satisfied that the valuation of property assets, as at 31st March 2017, as set out in the accounts was accurately stated following challenge during the audit process, including property liabilities;
- (d) that for heritage assets, insurance valuations were used to quantify values;

- (e) the reasons for the level of reserves kept for the Housing Revenue Account and the expectation these be linked to the Housing Business Plan;
- (f) that it would not be prudent to have Council reserves reduced significantly;
- (g) that Members of all Panels should be reminded of their role in scrutiny at Panels including the Leadership Panel, as auditors wished to see evidence of robust challenge and for this to be recorded in Minutes;
- (h) that the External Auditor encouraged more use of participatory budgeting throughout the Council as the Accounts Commission view this as strong evidence of community engagement;
- (i) that although Members had found difficulties with participatory budgeting, it was for the Council to decide how it took this forward; and
- (j) that the External Auditors acknowledged that the process of the Audit this year had been slow and that this would be addressed for next year.

The Panel, having thanked all the staff involved in the work that resulted in unqualified accounts for the year,

Decided:

- (i) to note the 2016/17 Annual Audit Report by Deloitte LLP ([Annex 1](#)) and that the Annual Accounts and Charitable Trust Accounts had an unqualified audit opinion;
- (ii) to approve the action plan contained in the Appendices to the Deloitte LLP Annual Audit Report (Annex 1), designed to address the areas of concern which were highlighted;
- (iii) to approve the audited Annual Council Accounts ([Annex 2](#)) for signature and their subsequent submission to Audit Scotland by 30th September 2017;
- (iv) to approve the audited Annual Charitable Trust Accounts ([Annex 3](#)) for signature and their subsequent submission to Audit Scotland by 30th September 2017;and
- (v) to agree that regular updates on progress against the action plan were provided to the Audit and Governance Panel.

The meeting ended at 10.50 a.m.