

AUDIT AND GOVERNANCE PANEL.

Minutes of a meeting in County Buildings, Wellington Square, Ayr
on 26 September 2019 at 10.00 a.m.

- Present: Councillors Martin Dowey (Chair), Brian Connolly, Chris Cullen, Hugh Hunter, Lee Lyons, Helen Moonie and Arthur Spurling.
- Apology: Councillor Alec Clark.
- 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; P. Kenny, External Auditor, Deloitte UK; and J. McClure, Committee Services Lead 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. Call-ins from Leadership Panel.

The Panel noted that there had been no call-ins from the Leadership Panel meeting which had taken place on 17 September 2019.

3. Minutes.

The Minutes of 28 August 2019 ([issued](#)) were submitted and approved.

4. Final Report on the 2018/19 Audit.

There was submitted a report ([issued](#)) of 19 September 2019 by the Head of Finance and ICT providing the Annual Accounts for the financial year ended 31 March 2019 and the proposed independent auditor's report to Members of the Council, and to allow the auditor to communicate the matters raised during the audit to this Panel.

The External Auditor gave a summary of his findings and outlined that the report was now split into two elements - the wider scope which had been reported to Panel at its June 2019 meeting and had no updates since then and the External Auditor's analysis of the financial statements as at 31 March 2019; that there had been a few minor adjustments which had now been made by Management; and that, as there were no significant findings, he would sign off all reports.

Following a question on "Audit Dimensions – Financial Sustainability and Financial Management" and the current level of reserves and whether these reserves should be increased, the External Auditor advised that the reserves were currently held at an acceptable level but it was important to keep them under constant review; and that he had no concerns regarding the current level of reserves.

A question was raised regarding the Council achieving savings and having an underspend each year and whether analysis was carried out to measure against the savings and the External Auditor advised that he examined the processes and whether there was satisfactory budgeting; and the Head of Finance and ICT further advised that the difficulty was that budgets were based on assumptions and that factors changed throughout the year which could not be predicted.

Having heard that Panel Member comment that the Council was again being asked to make savings, however, he envisaged that there would be another underspend, the Head of Finance and ICT advised that this was currently the position although the underspend was modest in terms of overall percentage of the council revenue budget, however, it was proving more difficult each year to achieve the savings and it was expected that shortly there would be no underspend and there would be a need to drive down costs.

A Member commented on the process during the year to manage the budget, the regular reports and updates to this Panel and the quarterly updates to Leadership Panel; and outlined that this gave Members ample opportunity to raise questions and make comments, notwithstanding that there was also the facility to call-in any report to enable further scrutiny to take place.

Following a question on Transformational Change, the External Auditor outlined his view of what he perceived Transformational Change to be and, following a further question on the financial strategy, the External Auditor advised that every Council in Scotland faced significant financial challenges.

The Panel, having thanked the Head of Finance and ICT and all staff involved in the Annual Accounts

Decided:

- (1) to note the 2018/19 Annual Audit Report by Deloitte LLP (Annex 1) and that the Annual Accounts and Charitable Trust Accounts had an unqualified audit opinion;
- (2) to approve the Council's audited Annual Accounts (Annex 2) for signature and their subsequent issue by 30 September 2019; and
- (3) to approve the Charitable Trusts' audited Annual Accounts (Annex 3) for signature and their subsequent issue by 30 September 2019.

The meeting ended at 10.25 a.m.