

RISK AND AUDIT SCRUTINY COMMITTEE

Minutes of special meeting held via Microsoft Teams on 16 November 2020

Chair:

Councillor Graeme Campbell

Councillors Present:

Councillor Walter Brogan, Councillor Mary Donnelly, Councillor Grant Ferguson, Councillor Julia Marrs, Councillor Davie McLachlan, Councillor Carol Nugent, Councillor Jared Wark

Councillor's Apology:

Councillor Martin Lennon

Councillor Also Present:

Councillor John Ross

Attending:

Chief Executive's Service

C Sneddon, Chief Executive

Finance and Corporate Resources

P Manning, Executive Director; Y Douglas, Audit and Compliance Manager; P MacRae, Administration Adviser; E A McGonigle, Administration Officer; J Taylor, Head of Finance (Strategy)

Also Attending:

Audit Scotland

A Kerr, F Mitchell-Knight and D Richardson, External Auditors

1 Declaration of Interests

No interests were declared.

2 External Auditors' Annual Report to South Lanarkshire Council 2019/20

The following documents were submitted by Audit Scotland, the Council's external auditors:-

- ◆ letter and appendices relating to the 2019/2020 Annual Audit report on South Lanarkshire Council and registered charities administered by South Lanarkshire Council
- ◆ 2019/2020 South Lanarkshire Council proposed Annual Audit report to members of the Council and the Controller of Audit

The Audit Director, Audit Scotland, introduced the report and the Senior Auditor, Audit Scotland, spoke on the Annual Audit report and highlighted the following:-

- ◆ the audit of the 2019/2020 Annual Accounts
- ◆ financial management
- ◆ financial sustainability
- ◆ governance and transparency
- ◆ best value
- ◆ key messages
- ◆ 2019/20120 action plan on recommendations for improvement
- ◆ significant audit risks identified during planning of the audit
- ◆ summary of national performance reports 2019/2020

The Senior Auditor also referred to significant findings from the audit of financial statements in relation to:-

- ◆ impact of COVID-19
- ◆ pension liability
- ◆ non-domestic rates (NDR)
- ◆ holiday pay accrual – teachers and non-teachers
- ◆ recognition of liability
- ◆ long term debtor classification
- ◆ credit balances in debtors
- ◆ council houses – assets under construction
- ◆ asset register – fully depreciated assets
- ◆ housing revenue account (HRA) – rent arrears

The Senior Auditor also referred to an “emphasis of matter” paragraph contained in the Annual Audit report in respect of the challenges generally faced in obtaining reliable valuations of land and buildings as a result of the disruption caused by COVID-19.

The external auditors’ opinion on the Council’s Annual Accounts 2019/2020 and those of the 3 charities administered by the Council was unqualified.

As a result of the coronavirus pandemic, the Auditor General for Scotland and the Accounts Commissioner for Scotland had advised that current audit appointments would be extended by one year.

The Committee decided: that the report be noted.

3 Audited Annual Accounts 2019/2020

A report dated 6 November 2020 by the Executive Director (Finance and Corporate Resources) was submitted on the:-

- ◆ Council’s Certified Annual Accounts and Charitable Trusts’ Accounts for 2019/2020, which had received a clean audit certificate from the Council’s external auditors, Audit Scotland
- ◆ requirement to approve the Annual Accounts 2019/2020 for signature in terms of both the Council’s accounts and related charitable trusts

The accounts covered the Council as well as 3 Charitable Trusts managed by the Council, namely South Lanarkshire Council Educational Trust, South Lanarkshire Council Charitable Trust and the East Kilbride Information Technology Trust. A clean audit certificate had been received for each with no qualifications on the Council’s accounts. An agreed action plan had been included in the external auditor’s report and officers would work to ensure those were implemented in 2020/2021.

The Annual Accounts would be advertised as being available for public inspection on the Council’s website and on request from Finance Services.

The Committee decided:

- (1) that the South Lanarkshire Council Annual Accounts 2019/2020 and the Charitable Trusts’ Accounts, which had received a clean audit certificate from the Council’s external auditors, Audit Scotland, be approved for signature; and

- (2) that it be noted that the external auditors' report would be referred to a future meeting of South Lanarkshire Council for noting.

4 Urgent Business

There were no items of urgent business.