

MINUTE
of
EAST RENFREWSHIRE COUNCIL

Minute of virtual Meeting held at 4.00pm on 26 November 2020.

Present:

Provost Jim Fletcher	Councillor Alan Lafferty
Councillor Caroline Bamforth	Councillor David Macdonald
Councillor Angela Convery	Councillor Jim McLean
Councillor Danny Devlin	Councillor Stewart Miller
Councillor Charlie Gilbert	Councillor Paul O’Kane
Councillor Barbara Grant	Councillor Gordon Wallace
Councillor Annette Ireland	

Provost Fletcher in the Chair

Attending:

Lorraine McMillan, Chief Executive; Margaret McCrossan, Head of Accountancy (Chief Financial Officer); Louise Pringle, Head of Business Change and Revenues; Barbara Clark, Chief Accountant; Eamonn Daly, Democratic Services Manager; and Liona Allison, Assistant Committee Services Officer.

Also attending:

John Cornett, Pauline Gillen and Morven Fraser, Audit Scotland.

Apologies:

Deputy Provost Betty Cunningham and Councillor Tony Buchanan (Leader).

DECLARATIONS OF INTEREST

1446. There were no declarations of interest intimated.

ANNUAL ACCOUNTS FOR THE COUNCIL’S CHARITABLE TRUSTS AND EXTERNAL AUDIT REPORT FOR 2019/20

1447. Under reference to the Minute of the meeting of the Audit and Scrutiny Committee held earlier that day (Page 1331, Item 1439 refers), the Council considered a report by the Head of Accountancy (Chief Financial Officer) explaining that the audit of the 2019/20 Annual Accounts for the seven charitable trusts for which the Council acted as trustee had been completed, that the Accounts had been amalgamated into one document, and that a copy was now submitted for consideration. In addition, the External Auditor’s report in respect of the Trusts, in compliance with the International Standard on Auditing (ISA) 260, was also submitted for consideration.

Councillor Miller, Chair of the Audit and Scrutiny Committee, having commented on the accounts and thanked all finance staff and external audit for their input, Councillor Wallace sought clarification if any issues of concern had been raised by the external auditor.

In reply the Head of Accountancy outlined matters raised by the external auditor and confirmed that these had been resolved and were not considered to be issues of concern.

The Council approved the 2019/20 Annual Accounts for each of the Trusts and the associated External Auditor's report.

EAST RENFREWSHIRE COUNCIL ANNUAL ACCOUNTS AND DRAFT ANNUAL AUDIT REPORT FOR 2019/20

1448. Under reference to the Minute of the meeting of the Audit and Scrutiny Committee held earlier that day (Page 1332, Item 1440 refers), the Council considered a report by the Head of Accountancy (Chief Financial Officer) regarding the Annual Accounts for 2019/20, the associated draft Annual Audit Report prepared by the External Auditor, and a further report by the External Auditor on matters arising from the audit of the Council's financial statements for 2019/20 reported under ISA 260 requirements. The draft Audit report provided an overview of the main issues arising from the 2019/20 audit.

The Council had received an audit certificate which was unqualified. As the Council had operated comfortably within budget it had not required to fully draw down £4,312k from reserves as planned with only £911k being called upon. This represented an improvement of £3,401k. As a consequence the Council's non-earmarked General Fund reserve had decreased by £911k resulting in a balance of £9,643k as at 31 March 2020. At 3.8% of annual budgeted net revenue expenditure this was slightly below the Council's target of 4%, but better than forecast when setting the 2020/21 budget. However it was noted that the balance would reduce by a further £3,500k during the current year in line with 2020/21 budget plans.

It was further noted that capital expenditure of £50,844k had been invested in addition to which an operating surplus of £598k had been made on the Housing Revenue Account, this increasing the accumulated surpluses brought forward to that Account to £2,316k.

Councillor Miller was heard to comment explaining that there had been a good discussion on the accounts and audit report at the Audit and Scrutiny Committee meeting and highlighting the favourable comments made by Audit Scotland about the quality of the information provided by the officers.

Councillor Wallace again questioned whether any issues of concern had been raised by the external auditor. He also questioned the capacity of the Council's Internal Audit service to continue to provide a service, particularly in light of all the additional COVID related grant funding that was being channelled through the Council.

Councillor Miller having indicated that the Audit and Scrutiny Committee was satisfied with the resources and operating practices in place, the Chief Accountant explained that the external auditors had commented on the Council's internal controls and were satisfied with the arrangements in place. It was these controls that were being used in relation to the disbursement of the grant funding that was being made available.

In addition in terms of Internal Audit capacity, the Head of Accountancy confirmed that the Chief Auditor was preparing a revised audit plan that would be submitted to the Audit and Scrutiny Committee for consideration.

Noting the comments made, Councillor Wallace suggested that the COVID-19 pandemic had been a sharp reminder of the unexpected challenges that may need to be faced from time to time and as such it was important to carefully consider how appropriate the use of reserves was in times of relative financial stability.

Councillor O’Kane offered thanks to the Audit and Scrutiny Committee for its work in reviewing the accounts and Audit Scotland report, and officers from both Audit Scotland and the Council’s own finance and internal audit teams for their work.

Thereafter the Council agreed to:-

- (a) approve the Council’s Annual Accounts for 2019/20; and
- (b) note the draft Annual Audit Report to the Council and Controller of Audit 2019/20 and the External Auditor’s report on matters arising from the audit of the Council’s 2019/20 Financial Statements prepared under requirements of ISA 260.

PROVOST

