



MINUTES OF THE MEETING OF THE AUDIT AND GOVERNANCE COMMITTEE

TUESDAY 1 NOVEMBER 2022
VIA DIGITAL MEETINGS SYSTEM

Committee Members Present:

Councillor L Menzies (Convener)
Councillor T Trotter (Depute Convener)

Councillor L Bruce
Councillor C McFarlane
Councillor G McGuire

Councillor K McLeod
Councillor B Ritchie

Other Councillors Present:

Councillor Hampshire
Councillor Bennett

Council Officials Present:

Ms S Fortune, Executive Director for Council Resources
Ms M Ferguson – Head of Council Support
Mr D Stainbank, Service Manager – Internal Audit
Mr P Vestri, Service Manager – Corporate Policy & Improvement
Mr C Grilli, Service Manager - Legal
Ms A Glancy, Finance Manager – Corporate Accounting
Ms E Dunnett, Head of Finance
Mr G Davies, Principal Accountant
Miss F Currie, Committees Officer
Mr I Gorman, Head of Operations NHS

Clerk:

Miss M Scott

Visitors Present:

Ms G Woolman, Audit Scotland
Ms E Scoburgh, Audit Scotland
Ms E McArthur, Audit Scotland

Apologies:

Councillor L Jardine

Declarations of Interest:

Councillor Menzies declared that she was a board member of Enjoy Leisure; appointed by the Council. She confirmed she her interest did not prevent her participating in the discussion but she wanted to make everyone aware of her position.

1. ANNUAL ACCOUNTS 2021/22

A report was submitted by the Executive Director for Council Resources providing the Committee with an update on the main changes arising during the audit of the draft financial statements, and asking the Committee to approve the now audited accounts for 2021/22.

Anne-Marie Glancy, Finance Manager – Corporate Accounting, presented the report which gave an update on any main changes which arose during the audit process. Ms Glancy stated that preparing the accounts and having an extended period had proved challenging but she was pleased to report there were no misstatements identified which exceeded the reporting threshold and therefore no changes needed to be reported to the Committee.

Ms Glancy thanked Audit Scotland and all Council officers involved in the year end process, especially all finance staff for going above and beyond to pull everything together and produce the year end accounts during an incredibly demanding year.

Councillor Menzies added her thanks to Audit Scotland and Council officers and wanted to make sure it was acknowledged how much hard work had gone into producing the annual accounts.

There were no questions on this item.

Councillor Menzies extended her thanks to Ms Fortune and her team and said the lack of questions or points raised showed that the briefing meetings and explanations had paid off.

The vote was taken by roll call and the recommendations were approved unanimously.

Decision

The committee agreed to:

- i) Approve the 2021/22 audited accounts for the Council and its group components with the benefit of the auditor's findings.

2. ISA 260 LETTER FROM AUDIT SCOTLAND:

A. ELC AUDIT OF 2021/22 ANNUAL ACCOUNTS

Ms Woolman presented the ISA 260 letter to those charged with governance, prepared following the audit of the Council's annual accounts for 2021/22. She highlighted some of the key points including the reminder that Audit Scotland seek written representation from the Council's Section 95 Officer. She confirmed that there were no unadjusted misstatements and no areas to draw attention to by exception and that Audit Scotland would be issuing an unmodified audit opinion.

B. DR BRUCE FUND AUDIT OF 2021/22 ANNUAL ACCOUNTS

Esther Scoburgh, Senior Audit Manager - Audit Scotland, presented the ISA 260 letter to those charged with governance and appendices prepared following the audit of the Dr Bruce Fund annual accounts for 2021/22. She highlighted a key point to note was

her proposed audit opinion on the section 106 charity was unmodified. Ms Scoburgh added there were no unadjusted errors or misstatements to bring to the committees attention and a recommendation had been raised in the ELC Annual Accounts report in respect of activity and overall objectives of the Dr Bruce Fund. Ms Scoburgh noted as part of the completion process that Audit Scotland have recovered written representation from the Section 95 Officer with the updated final accounts.

Ms Scoburgh also offered her own thanks to all East Lothian Council staff, particularly Gareth Davies for their help in completing audit work for the Dr Bruce Fund.

There were no questions or comments on this item.

Decision

The Committee agreed to note the contents of the letters.

3. EAST LoTHIAN COUNCIL 2021/22 ANNUAL AUDIT REPORT

Ms Woolman presented the annual audit report for 2021/22, prepared by Audit Scotland.

She outlined the key messages in the report including financial management and sustainability, governance and transparency and value for money. She then provided a detailed summary of the findings from the audit of the annual accounts drawing attention to areas of particular interest. She confirmed that she would be issuing an unmodified audit opinion. Ms Woolman stated that the audit continued to be carried out remotely and the COVID-19 pandemic had very little impact on both the accounts preparation by the Council's finance team or on the gathering and auditing of the evidence by the Audit Scotland team. Ms Woolman reminded members that there is an opportunity for the public to raise objections when the year draft accounts go into the public domain in June but she was pleased to report there were none raised.

Ms Woolman explained that Audit Scotland ensure independence of team members therefore this is the last year of her teams audit appointment and there will be a new team of auditors going forward for 2022/23. On this occasion it will be another in house team from Audit Scotland.

Ms Woolman reported there were no identified misstatements in excess of the reporting threshold which needed to be drawn to the committees attention and she also recorded good progress made from the prior year's recommendations.

In response to a question from Councillor McLeod, Ms Woolman stated that the focus of this meeting was to look back over 2021/22 but that he rightly highlighted the challenges ahead and councillors will want to get very engaged in the treasury management strategy and would recommend seeking support from finance officers for training on that area before the actual document is submitted for approval. Ms Fortune added that all member should be aware the scheduled treasury management briefing taking place next week and she would encourage all to attend. Ms Fortune stated that treasury management is a fairly complex area but it was important for councillors to know their roles and what the implications of things were.

Councillor Menzies extended her thanks from all at East Lothian Council to Audit Scotland for their work over the last 6 years especially during some of the hardest times we have all experienced. Councillor Menzies gave a personal thanks to Ms

Woolman and Ms Fortune and her team for ensuring she had a good understanding of the audit process.

Councillor Ritchie also extended her thanks to the finance team, internal audit and Audit Scotland for their work. Councillor Ritchie found the overall report positive and felt it also highlighted the work which needs to be done.

Decision

The Committee agreed to note the annual audit report.

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Signed

Councillor Lee-Anne Menzies
Convener of the Audit and Governance Committee