

29 October 2020 at 1 pm.

A Remote Special Meeting of the **AUDIT AND SCRUTINY PANEL**

PRESENT

Councillor Gallacher, Convener; Councillor Stevenson, Vice-Convener; Councillors Anderson, Burrows, Graham, Hogg, Hume, Alan Valentine and Watson.

CHAIR

Councillor Gallacher (Convener) presided.

IN ATTENDANCE

The Head of Financial Solutions, Audit and Risk Manager, Business Strategy Manager, Finance Manager, Accountant.

ALSO IN ATTENDANCE

Carole Grant, Senior Audit Manager and Gillian McCreadie, Senior Auditor (Audit Scotland).

APOLOGIES

Councillors T. Johnston and Morgan.

DECLARATIONS OF INTEREST IN TERMS OF THE ETHICAL STANDARDS IN PUBLIC LIFE ETC. (SCOTLAND) ACT 2000

1. The following declarations of interest were made:-

Councillor Anderson, by virtue of a family member being an employee of Mears, declared an interest in paragraphs 2, 3, 4 and 5 below and further declared that she considered the interest was sufficiently remote that it did not preclude her participation in those items of business.

Councillor Gallacher, by virtue of her membership of the Integrated Joint Board (IJB), declared an interest in paragraphs 2, 3, 4 and 5 below and further declared that she considered the interest was sufficiently remote that it did not preclude her participation in those items of business.

Councillor Hume, by virtue of his membership of the Municipal Bank, declared an interest in paragraphs 2, 3, 4 and 5 below and further declared that he considered the interest was sufficiently remote that it did not preclude his participation in those items of business.

Councillor Watson, by virtue of his membership of the Municipal Bank and of Fusion Assets, declared an interest in paragraphs 2, 3, 4 and 5 below and further declared that he considered the interest was sufficiently remote that it did not preclude his participation in those items of business.

Prior to consideration of the business of the meeting, Councillors Anderson, Gallacher, Hume and Watson each declared an interest in the following matters for the reasons outlined in paragraph 1 above and had all further declared that they considered their interests were sufficiently remote that they did not preclude their participation in these items of business.

ANNUAL ACCOUNTS 2019/20 LETTERS OF REPRESENTATION

2. There was submitted a report providing the Panel with information on the Letter of Representation which was required to be submitted to Audit Scotland in respect of the Council's Annual Accounts and the Council's Charitable Trust Accounts for 2019/20 (1) explaining that International Standards on Auditing (ISA580) Written Representations requires External Audit to request a written representation from the Accountable Officer which provides written assurance on aspects of the Council's financial statements and Charitable Trust and Educational Trust accounts, including the judgements and estimates made in their preparation; (2) advising that the Letters of Representation have been signed by the Head of Financial Solutions in her capacity as the Council's Section 95 Officer; (3) informing the Panel that, as in previous years, the Letters set out the representation of management and confirm that the accounts are free from material mis-statements; (4) intimating that, during the course of the audit, the External Auditors had highlighted a number of mis-statements within the Council's financial statements, some of which have been adjusted while others have remained unadjusted due to materiality, and (5) attaching, as appendices to the report, the North Lanarkshire Council Letter of Representation and the Charitable Trust and Education Endowment's Letter of Representation.

Fiona Carney spoke to the report and the appendices to the report, following which the Panel agreed that the Letters of Representation provided to Audit Scotland be noted.

ANNUAL ACCOUNTS 2019/20 EXTERNAL AUDITORS REPORT TO THOSE CHARGED WITH GOVERNANCE ON 2019/20 AUDIT

3. There was submitted a report by the Head of Financial Solutions permitting the Panel to consider the External Auditor's comments on specific matters arising from its audit of the financial statements for both the Council and the Charitable Trust in Education Endowment's administered by the Council (1) providing background to the appointment of External Auditors to the Council and their role and remit; (2) explaining that, following completion of the audit, Audit Scotland had produced reports to those charged with governance on the 2019/20 audit for both the Council, and the Council's Charitable Trust in Education Endowments and (3) attaching, as appendices to the report, reports from Audit Scotland in relation to the Council and the Council's Charitable Trust in Education Endowments.

Carole Grant spoke to the report by the External Auditor, following which the Panel agreed to note the report.

EXTERNAL AUDIT: ANNUAL AUDIT REPORT 2019-20

4. There was submitted a report by the Audit and Risk Manager presenting to the Panel the Annual Audit Report produced by the Council's appointed External Auditors, Audit Scotland, in respect of the Audit for the Council for the year ending 31 March 2020 (1) explaining that the Accounts Commission has appointed Audit Scotland as the Council's appointed External Auditor for the five year period from 2016-17 and that Audit Scotland is required to annually prepare a report for Elected Members and the Controller of Audit, summarising the audit work and presenting the main findings arising from the audit; (2) informing the Panel that the External Auditor's report presents key matters arising from each of the main areas of work undertaken by the External Auditor including the audit of Financial Statements and issues relating to the Council's Financial Management, Financial Sustainability, Governance and Value for Money arrangements; (3) highlighting that, as outlined in the report by the External Auditor, they are able to place an unqualified audit opinion on the 2019-20 financial statements and that, although a small number of issues are highlighted by the External Auditor where scope for further improvement exists, overall the report is considered by Management to be positive in terms with no significant weaknesses identified, and (4) attaching, as an appendix to the report, the Audit Scotland Annual Audit Report 2019-20.

Carole Grant spoke to the report by Audit Scotland, noting that there were a limited number of typographical errors contained within the report which would be corrected in the final version. She wished to place on record her thanks to staff in the Council for their efforts in submitting the Annual Accounts within the appropriate time given the current circumstances surrounding Covid-19, and this statement was endorsed by the Convener.

Thereafter, reference was made to a number of questions which had been submitted by Councillor Hume prior to the meeting in respect of which it was agreed that a written response would be provided to him, and copied to all Panel members, following the meeting.

Following which, the Panel agreed:-

- (1) that the External Auditors Annual Audit Report be noted, and
- (2) that implementation by Management of actions agreed in response to External Audit's recommendations be monitored through reports from Internal Audit.

ANNUAL ACCOUNTS 2019/20 (AUDITED)

5. There was submitted a report by the Head of Financial Solutions presenting the Council's final 2019/20 annual accounts, and providing Elected Members with the background on the need to consider matters raised by Audit Scotland in respect of the examination of the accounts (1) reminding the Panel that the Local Authority Accounts (Scotland) Regulations 2014 require the Council to prepare an Annual Statement of Accounts in accordance with proper accounting practices and that the Audit Commission appoints External Auditors to local authorities in order to carry out the audit of financial statements in accordance with International Standards in Auditing; (2) explaining that the Coronavirus (Scotland) Act 2020 permits public bodies to postpone complying with a statutory duty to publish a report, if they are of the view that complying with the duty would be likely to impede their ability to take effective action to prevent, protect against, delay or otherwise control instances on transmission of coronavirus; (3) intimating that whilst it is recognised that the audited accounts are being presented to the Panel later than they would ordinarily be due to difficulties posed as a result of both Council and External Audit staff working remotely, it is expected that the Council will meet the deadline to publish its audited accounts by 31 October 2020, and (4) attaching, as an Appendix to the report, the Audited Annual Accounts 2019/20.

Veronica Roberts spoke to the report following which the Panel agreed:-

- (1) that the contents of the report be noted, and
- (2) that the final accounts, as attached to the report, be signed.