

WEST DUNBARTONSHIRE COUNCIL**Report by Chief Officer - Resources****Council – 22 December 2021**

Subject: Annual Audit Report to Members and Controller of Audit Audited Annual Accounts 2020/2021

1. Purpose

1.1 The purpose of this report is to:

- (a) advise Council of Audit Scotland's findings in relation to the audit of the Council and the audit of Council administered charities;
- (b) submit to Council the audited 2020/21 Financial Statements of the Council for 2020/2021 and to highlight matters of interest; and
- (c) submit to Council the audited 2020/21 Financial Statements of the Charities administered by the Council and highlight matters of interest.

2. Recommendations

2.1 Council is invited to:

- (a) note the contents of this report;
- (b) note the clean audit opinions and the findings of the audits as detailed in Audit Scotland's report dated 17 November 2021; and
- (c) note the audited Annual Accounts 2020/21 of both the Council and the Council administered Charities and that these were reported to and approved by the Audit Committee on 17 November 2021.

3. Background

3.1 The Council's draft unaudited Annual Accounts (including the Group Accounts) for 2020/21 were reported to Council on 23 June 2021 and passed to the Accounts Commission before the statutory deadline on 30 June 2021.

3.2 The Charitable Trusts' draft, unaudited accounts for 2020/21 were also reported to June 2021 Council.

3.3 As the external auditor of the Council, it is Audit Scotland's responsibility to undertake their audit work in accordance with International Standards on Auditing, the principles contained in the Code of Audit Practice issued by Audit Scotland in May 2011 and the ethical standards issued by the Auditing Practices Board.

3.4 Council on 23 June 2021 agreed to delegate authority to the Audit Committee to formally approve the audited accounts if the finalised audited accounts could not be reported to a Council meeting prior to the end of November. Due to the timing of the completion of the audit, the audited accounts were not available to be reported to either the October Council or the Council meeting on 9 November.

4. Main Issues

4.1 The audits of the Annual Accounts for both the Council and the Council-administered Charities have now been completed. The Council has received Annual Audit Report to Members and Controller of Audit which is appended to this report for consideration (Appendices 1 and 2). The audited Annual Accounts for the Council and the Council-administered Charitable Trusts are appended to this report for consideration and approval (Appendices 3 and 4).

West Dunbartonshire Council and Charities Audit Report

4.2 Audit Scotland, as the Council's external auditors, has issued a report dated 17 November 2021 which details the main issues arising from the audit of the Council and its Annual Accounts. The full report is appended to this report (Appendix 1).

4.3 The report identifies 2 recommendations for improvement for the Council. It also identifies a further 2 recommendations in relation to the Trust Funds. The report also provides management responses for these actions and an update on the 7 actions identified from the 2019/20 Audit Report (5 of which are noted as completed and 2 as ongoing).

4.4 The Audit Opinion is detailed on page 8 of the report which advises that Audit Scotland expect to issue an unqualified opinion on the Council's Annual Accounts. Page 15 reports that Audit Scotland expect to issue an unqualified opinion on the Charities Annual Accounts.

4.5 The report also appends (see Appendix 2) the proposed independent auditor's report and the draft letters of representation (ISA 580) which the Chief Officer - Resources is required to sign and submit to Audit Scotland.

The Council's Accounts

4.6 A number of presentational and monetary adjustments were identified within the draft Annual Accounts during the course of the audit, the effect of which results in a net increase in the Council's General Fund reserve balance of £0.225m due to the release of a provision to earmarked reserves. Further detail on the updated General Fund position is noted below:

	Free Reserve £000	Earmarked Reserve £000	Total Reserve £000
Draft Financial Statements	3,337	11,466	14,803
Release of provision to earmarked reserve	0	225	225
Audited Financial Statements	3,337	11,691	15,028

- 4.7** I am pleased to report that a clean audit opinion has been given in relation to these Accounts.
- 4.8** The management commentary on pages 2 to 18 of the Annual Accounts summarises the major matters contained within the document and provides an explanation of the Council's financial position as at 31 March 2021. In particular:
- (a) In relation to the General Fund:
- The accounts show a General Fund balance of £15.028m as at 31 March 2021. Of this balance, £11.691m is earmarked for ring-fenced purposes, leaving an unearmarked balance of £3.337m;
 - The unearmarked balance of £3.337m compares to the targeted prudential level of reserve of £3.000m which is considered necessary to safeguard assets and to protect services against financial risk; and
- (b) In relation to the Housing Revenue Account, the accounts show an HRA balance of £7.364m as at 31 March 2021. Of this balance £6.441m is earmarked, leaving a free balance of £0.923m which is in line with the recommended prudential level of HRA reserve of £0.923m.
- 4.9** On pages 20 to 29 of the accounts is the Annual Governance Statement. This Statement provides assurance that the Council has in place a sound system of governance control. The Governance Statement identifies a number of areas where officers have identified improvements can be made.

Charitable Trusts' Accounts

- 4.10** I am pleased to report that a clean audit opinion has been given in relation to these Accounts.
- 4.11** Page 7 of the Accounts details the Statement of Balances and highlights an increase in the balances held from £0.277m to £0.280m as at 31 March 2021.

5. Option Appraisal

- 5.1** No option appraisal was required for this report.

6. People Implications

6.1 There are no people implications.

7. Financial and Procurement Implications

7.1 There are no financial or procurement implications.

8. Risk Analysis

8.1 No risk analysis was required.

9. Equalities Impact Assessment (EIA)

9.1 No equalities impact was required in relation to the preparation of this report.

10. Consultation

10.1 The views of relevant officers were requested on this report and the appendices and view were taken on board.

11. Strategic Assessment

11.1 The report is in relation to a statutory function. As such, it does not directly affect any of the strategic priorities.

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Date: 19 November 2021

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Appendices:

1. Audit Scotland's Proposed 2020/21 Annual Audit Report to West Dunbartonshire Council and Controller of Audit;
2. West Dunbartonshire Council –ISA 580;
3. Charitable Trusts – ISA 580;
4. Audited Annual Accounts 2020/21 – West Dunbartonshire Council; and
5. Audited Annual Accounts 2020/21 – Charitable Trust Funds.

Background Papers: 1. Report to Council of 23 June 2021: Draft Annual Accounts 2020/2021

Wards Affected: All

