

## **AC28. 2015/16 Annual Audit Report**

The committee considered a report by the Director of Corporate and Housing Services presenting Audit Scotland's Annual Audit report to members of the Council and the Controller of Audit together with a letter of representation to Audit Scotland on the accounts.

The unaudited accounts had been considered by committee on 20 June 2016 (ref AC17). These had now been audited and the Auditor's certificate was free from qualifications.

The Auditor's Annual Report highlighted key messages in regard to:

- audit of financial statements;
- financial management and sustainability;
- governance and transparency;
- best value; and
- outlook.

In regard to Best Value, the report contained an extract from Audit Scotland's Best Value Follow Up report. The Auditor's report summarised the findings together with commentary. A separate report on the Best Value Improvement Plan had been considered by Council on 21 September 2016 (ref FC39).

The Auditor's report also included comments on Governance and Transparency and provided a summary of the Council's outlook.

Following questions from members, Ms Mitchell-Knight advised that the Accounts Commission would consider Audit Scotland's Best Value Follow Up Inspection report in December. It could make recommendations, hold a hearing, monitor progress via the annual audit process or request a further follow up review. The Chief Executive advised that Council had agreed, on 21 September, that in the first instance, the Leader of the Council, the Leader of the Opposition and the Provost would consider how the Council should respond to the report and that a report would be submitted to Council. The committee members discussed this and concurred that the agreed approach would allow all members to take a view on the report.

In response to a question on the Annual Report, Ms Mitchell-Knight stated that the message to all Councils to "work differently and to deliver services in a different way". She also confirmed that guidance suggested that Councils should review their reserves policy and make their own determination on the appropriate level of reserves held.

### **Decision**

**The committee noted the Annual Report on the 2015/16 Audit.**