
SCOTTISH BORDERS COUNCIL ANNUAL ACCOUNTS 2019/20

Report by Executive Director, Finance & Regulatory

SCOTTISH BORDERS COUNCIL

5 NOVEMBER 2020

1 PURPOSE AND SUMMARY

- 1.1 This report presents Members with copies of the Council's audited Annual Accounts for 2019/20.**
- 1.2 The audit appointment of Audit Scotland for Scottish Borders Council accounts includes the requirement to provide an auditor's report for the Council as well as related charities. KPMG has continued to provide the external audit of the Council subsidiary Bridge Homes.
- 1.3 2019/20 represents the fourth year of Audit Scotland undertaking the External Audit of the Council's Annual Accounts with the process now completed. Audit Scotland has prepared the Annual Audit Report as attached on this agenda and has provided an unqualified independent audit opinion.
- 1.4 The Annual Audit Report summarises Audit Scotland's conclusions, including:
 - An unqualified audit opinion
 - Audit Scotland concur with management's accounting treatment and judgements;
 - Audit Scotland concluded positively in respect of financial management, financial sustainability, governance and transparency and best value.
- 1.5 Audit Scotland identified four recommendations for improvement requiring action and these have been accepted by management and will be enacted within the agreed timescales.
- 1.6 As required under the Local Authority Accounts (Scotland) Regulations 2014, the audited Annual Accounts for Scottish Borders Council, SBC Common Good Funds, the SBC Charitable Trusts, Bridge Homes LLP and Lowood Tweedbank Ltd and Scottish Borders Council's Pension Fund have been presented to the Audit and Scrutiny Committee prior to signature.
- 1.7 KPMG has concluded their audit of Bridge Homes LLP, subject to approval of their mandatory going concern consultation which is required on all UK audits as a result of Covid-19. They have raised no issues or matters to report.

2 RECOMMENDATIONS

2.1 It is recommended that Council approve the following audited Accounts:

- (a) the Scottish Borders Council's audited Annual Accounts for the year to 31 March 2020;**
- (b) the Scottish Borders Council's Pension Fund audited Annual Accounts for the year to 31 March 2020;**
- (c) the Scottish Borders Council Common Good Funds' (Charity SC031538) audited Annual Accounts for the year to 31 March 2020;**
- (d) the SBC Welfare Trust (Charity SC044765) audited Annual Accounts for the year to 31 March 2020;**
- (e) the SBC Education Trust (Charity SC044762) audited Annual Accounts for the year to 31 March 2020;**
- (f) the SBC Community Enhancement Trust (Charity SC044764) audited Annual Accounts for the year to 31 March 2020;**
- (g) the SBC Ormiston Trust for Institute (Charity SC019162) audited Annual Accounts for the year to 31 March 2020;**
- (h) the Scottish Borders Council Charitable Trusts (Charity SC043896) audited Annual Accounts for the year to 31 March 2020;**
- (i) the Bridge Homes LLP audited Annual Accounts for the year to 31 March 2020; and**
- (j) Lowood Tweedbank Ltd Annual Accounts for the year to 31 March 2020.**

3 BACKGROUND

- 3.1 The various sets of unaudited accounts for 2019/20 were submitted to Audit Scotland and KPMG, the External Auditors, before the statutory deadline of 30 June 2020, following presentation of the draft accounts to the Audit and Scrutiny Committee at the 23rd June 2020 meeting. The detailed audit work began in July 2020 and was completed by early October 2020.
- 3.2 As part of the statutory requirements the Council is required to advise the public of their right to inspect and object to the various sets of accounts and their supporting papers and make the documents available for inspection. This process was undertaken following the timetable contained in the 2014 Regulations and the inspection period commenced on 1 July 2020. There were no objections to the accounts.
- 3.3 The Coronavirus (Scotland) Act 2020 set out provisions for the functions of public bodies in light of the impact of COVID-19, including making temporary amendments to legislation. Part 3 of the Act, covering statutory duties that require a public authority (including a local authority) to publish a report in connection with the exercise of its functions by a particular date, allowed Councils to delay publication of the audited accounts past 31 October until reasonably practicable provided statements were published to that effect. As a result this report was presented to the Audit and Scrutiny Committee and is now subsequently being presented to the full Council meeting on the 5th November 2020. The timing of the publication of the audited accounts has been notified on the Council's website.
- 3.4 Following approval, the 2014 Regulations have the following requirements as set out in Part 3 Section 10 (3):
- Immediately **following the approval of the Annual Accounts** for signature, the statements which form part of those accounts are to be signed and dated as follows—*
- (a) the management commentary by the Section 95 Officer, the Chief Executive and the Leader of the Council;*
 - (b) the statement of responsibilities by the Leader of the Council and the Section 95 Officer, who must also certify the matters referred to in paragraphs (5) and (6) respectively;*
 - (c) the annual governance statement by the Chief Executive and the Leader of the Council;*
 - (d) the remuneration report by the Chief Executive and the Leader of the Council; and*
 - (e) the balance sheets by the Section 95 Officer, to authorise publication of the financial statements.*
- 3.5 These requirements apply to the Annual Accounts of the Local Authority and not to the charity or limited liability partnership accounts, although these have similar signatory requirements. The Section 95 Officer for Scottish Borders Council is the Executive Director, Finance & Regulatory.
- 3.6 This report presents audited copies of:
- **Scottish Borders Council** Annual Accounts for year ending 31 March 2020;
 - **Scottish Borders Council's Pension Fund** Annual Accounts for year ending 31 March 2020;
 - **Scottish Borders Council Common Good Funds** (Charity SC031538) Annual Accounts for the year to 31 March 2020;
 - **SBC Welfare Trust** (Charity SC044765) Annual Accounts for the year to 31 March 2020;

- **SBC Education Trust** (Charity SC044762) Annual Accounts for the year to 31 March 2020;
- **SBC Community Enhancement Trust** (Charity SC044764) Annual Accounts for the year to 31 March 2020;
- **SBC Ormiston Trust for Institute** (Charity SC019162) Annual Accounts for the year to 31 March 2020;
- **Scottish Borders Council Charitable Trusts** (Charity SC043896) Annual Accounts for the year to 31 March 2020;
- **Bridge Homes LLP** Annual Accounts for the year to 31 March 2020; and
- **Lowood Tweedbank Ltd** Annual Accounts for the year to 31 March 2020.

3.7 The Coronavirus (Scotland) Act 2020 allows Councils to delay publication of the audited accounts past 31 October 2020 until reasonably practicable provided statements are published to that effect. The Council website published a notification that the Scottish Borders Council audited accounts will be published on 5th November 2020 following the Council meeting to approve the accounts. In addition those relating to registered charities are required to be submitted to the Office of the Scottish Charity Regulator (OSCR).

4 EXTERNAL AUDITOR'S ANNUAL REPORT 2019/20

- 4.1 Audit Scotland has completed their audits and have provided an unqualified independent audit opinion.
- 4.2 KPMG has concluded their audit of Bridge Homes LLP, subject to approval of their mandatory going concern consultation which is required on all UK audits as a result of Covid-19. They have raised no issues or matters to report.
- 4.3 Audit Scotland's associated Annual Audit Reports of Scottish Borders Council, Pension Fund and subsidiary charities are presented on this agenda. As well as being unqualified, the report expresses the following headlines:
- Audit Scotland concur with management's accounting treatment and judgements;
 - Audit Scotland concluded positively in respect of financial management, financial sustainability, governance and transparency and value for money.
- 4.4 The Scottish Borders Council Annual Audit Report highlighted four specific recommendations for improvement. The areas in question are shown in Appendix 1 "Action Plan 2019/20" of the External Auditor's Annual Audit Report. The areas identified are:
- Education Maintenance Allowance (EMA) payments - The Council should ensure that arrangements are put in place to confirm records are being correctly updated;
 - The Council should review its medium term financial plan following the Covid-19 pandemic to reflect its impact on the Council's finances going forward, including scenario planning of key financial assumptions;
 - Best Value Action Plan - The Council should ensure that Best Value improvement recommendations continue to be actioned and progress reported to committees;

- Community Engagement Toolkit - The council should ensure that the engagement strategy toolkit is updated to ensure that it is still relevant.
- 4.5 The Scottish Borders Council's Pension Fund Annual Audit Report highlighted 5 recommendations. The areas in question are shown in Appendix 1 "Action Plan 2019/20" of the External Auditor's Annual Pension Fund Audit Report. The areas identified are:
- Pensioner validation using ATMOS reports
 - Validation of overseas pensioners
 - Follow up of prior year recommendations

These recommendations have been accepted by Management and will be enacted within the agreed timescales.

5 IMPLICATIONS

5.1 Financial

There are no additional direct financial implications for the Council arising from the approval of the Audited Annual Accounts or from the External Auditor's Annual Audit Report and it is expected that the actions contained in the Report will be carried out within existing resources.

5.2 Risk and Mitigations

There are no direct risks arising from the report apart from those identified in the External Auditor's Annual Audit Report. The planned management actions represent the mitigating actions which the Council will be taking.

5.3 Equalities

It is anticipated there will be no adverse impact due to race, disability, gender, age, sexual orientation or religion/belief arising from the proposals contained in this report.

5.4 Acting Sustainably

There are no direct economic, social or environmental issues with this report which would affect the Council's sustainability policy.

5.5 Carbon Management

There are no direct carbon emissions impacts as a result of this report.

5.6 Rural Proofing

This report does not relate to a new or amended policy or strategy and as a result rural proofing is not an applicable consideration.

5.7 Changes to Scheme of Administration or Scheme of Delegation

No changes to the Scheme of Administration or Delegation are required as a result of this report.

6 CONSULTATION

- 6.1 The Chief Legal Officer (Monitoring officer), the Chief Officer Audit & Risk, the Chief Officer HR, and the Clerk to the Council have been consulted and any comments incorporated into this report.

Approved by

David Robertson

Executive Director, Finance & Regulatory Services

Signature

Author(s)

Name	Designation and Contact Number
Suzy Douglas	Financial Services Manager 01835 824000 X5881

Background Papers:

Previous Minute Reference: 23 June 2020 & 22nd October Audit and Scrutiny Committee

Note – You can get this document on tape, in Braille, large print and various computer formats by contacting the address below. The Financial Services Manager can also give information on other language translations as well as providing additional copies. Contact us at: Suzy Douglas, Financial Services Manager, Scottish Borders Council, Council HQ, Newtown St Boswells, Melrose TD1 0SA, 01835 824000 X5881, sdouglas@scotborders.gov.uk