
SCOTTISH BORDERS COUNCIL ANNUAL ACCOUNTS 2021/22

Report by Acting Chief Financial Officer

AUDIT COMMITTEE

23 NOVEMBER 2022

1 PURPOSE AND SUMMARY

- 1.1 **This report presents Members with copies of the Council's audited Annual Accounts for 2021/22.**
- 1.2 The audit appointment of Audit Scotland for Scottish Borders Council (SBC) 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 2021/22 represents the sixth year of Audit Scotland undertaking the External Audit of the Council's Annual Accounts with the process now completed.
- 1.4 The Annual Audit Report summarising Audit Scotland's conclusions is being finalised as the agenda is published. The paper will be issued as a supplementary agenda item when available with findings from the report updated verbally at the Committee meeting.
- 1.5 As required under the Local Authority Accounts (Scotland) Regulations 2014, the audited Annual Accounts for Scottish Borders Council, SBC Pension Fund, SBC Common Good Funds, the SBC Charitable Trusts, Bridge Homes LLP and Lowood Tweedbank Ltd are being presented to the Audit Committee prior to signature.
- 1.6 KPMG have concluded their audit of Bridge Homes LLP and have raised no issues or matters to report.

2 RECOMMENDATIONS

- 2.1 It is recommended that the Audit Committee recommend the following accounts for officer signature and Council approval:**
- (a) the Scottish Borders Council's audited Annual Accounts for the year to 31 March 2022;**
 - (b) the Scottish Borders Council's Pension Fund audited Annual Accounts for the year to 31 March 2022;**
 - (c) the Scottish Borders Council Common Good Funds (Charity SC031538) audited Annual Accounts for the year to 31 March 2022;**
 - (d) the SBC Welfare Trust (Charity SC044765) audited Annual Accounts for the year to 31 March 2022;**
 - (e) the SBC Education Trust (Charity SC044762) audited Annual Accounts for the year to 31 March 2022;**
 - (f) the SBC Community Enhancement Trust (Charity SC044764) audited Annual Accounts for the year to 31 March 2022;**
 - (g) the SBC Ormiston Trust for Institute (Charity SC019162) audited Annual Accounts for the year to 31 March 2022;**
 - (h) the Scottish Borders Council Charitable Trusts (Charity SC043896) audited Annual Accounts for the year to 31 March 2022;**
 - (i) the Bridge Homes LLP audited Annual Accounts for the year to 31 March 2022; and**
 - (j) Lowood Tweedbank Ltd Annual Accounts for the year to 31 March 2022.**

3 BACKGROUND

- 3.1 The various sets of unaudited accounts for 2021/22 were submitted to Audit Scotland and KPMG, the External Auditors, before the statutory deadline of 30 June 2022, following presentation of the draft accounts to the Audit Committee at the 27th June 2022 meeting. The Pension Fund draft accounts were presented to the Pension Fund Committee and Board on the 29th June 2022. The detailed audit work began thereafter and was completed by early November 2022.
- 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 2022. There were no objections to either the Council or Pension Fund 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 to the 30 November. The presentation of this report to the Audit Committee at this meeting and the subsequent presentation to the full Council meeting on the 24th November 2022 is within this extension period.
- 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 Acting Chief Financial Officer.
- 3.6 This report presents audited copies of:
- **Scottish Borders Council** Annual Accounts for year ending 31 March 2022
 - **Scottish Borders Council Pension Fund** Annual Accounts for year ending 31 March 2022;
 - **Scottish Borders Council Common Good Funds** (Charity SC031538) Annual Accounts for the year to 31 March 2021;
 - **SBC Welfare Trust** (Charity SC044765) Annual Accounts for the year to 31 March 2021;

- **SBC Education Trust** (Charity SC044762) Annual Accounts for the year to 31 March 2021;
- **SBC Community Enhancement Trust** (Charity SC044764) Annual Accounts for the year to 31 March 2021;
- **SBC Ormiston Trust for Institute** (Charity SC019162) Annual Accounts for the year to 31 March 2021;
- **Scottish Borders Council Charitable Trusts** (Charity SC043896) Annual Accounts for the year to 31 March 2021;
- **Bridge Homes LLP** Annual Accounts for the year to 31 March 2021; and
- **Lowood Tweedbank Ltd** Annual Accounts for the year to 31 March 2021.

3.7 The Coronavirus (Scotland) Act 2020 allows Councils to delay publication of the audited accounts to the 30 November 2022. 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 2021/22

- 4.1 Audit Scotland has completed their audits with their Annual Report to follow.
- 4.2 KPMG have concluded their audit of Bridge Homes LLP and have raised no issues or matters to report. They concurred with management's non-going concern basis for preparation of the accounts due to the disposal of the properties in March 2022 and the intention to cease trading at that point.
- 4.3 The Annual Audit Report summarising Audit Scotland's conclusions is being finalised as the agenda is published. The paper will be issued as a supplementary agenda item when available with findings from the report updated verbally at the Committee meeting.
- 4.4 The Scottish Borders Council's Pension Fund Annual Audit Report has been scrutinised by the Pension Fund Committee and Board prior to presentation to the Audit Committee and Council. The report highlighted four new recommendations and followed up five recommendations from previous audits. The areas in question are shown in Appendix 1 "Action Plan 2021/22" of the External Auditor's Annual Pension Fund Audit Report. The areas identified are:
- Whilst a scheme of delegation is in place for the council there is a need to consider an appropriate scheme of delegation for decisions that impact on the pension fund. This should include guidance on what circumstances would give rise to not seek recovery of overpayment, and what entity should bear the cost of that overpayment.
 - As part of the accounts preparation process, management should ensure that investment managers provide information to the fund on a timely basis.
 - Management should work with the Pension Board and Pension Committee to ensure members are aware of their attendance requirements.
 - Management should ensure that governance questionnaires and supporting information received by each fund manager are reviewed to

ensure they are aware of any issues arising which could impact the investments they hold.

Previous audit Recommendations followed up:

- For unusual or exceptional pension benefits, management should ensure that there are additional quality assurance arrangements in place for the review of calculations.
- Management should review administrative procedures in place and update these to reflect the move to home working. Management should also ensure that officers are familiar with their responsibilities for the completion of supporting paperwork to evidence processes have been completed and reviewed in a timely manner.
- ATMOS reports (where there is a match between SBC Pension Fund members and recorded deaths) should be reviewed, and any matches investigated in a timely manner to prevent any overpayments to deceased pensioners.
- The existing overseas pensioners process in place should be reviewed to ensure it is still appropriate. The process should be actioned on a frequent basis to ensure existence of overseas pensioners.
- The pensions paid figure should be reconciled month on month and variances to the ledger investigated. Management should perform monthly reconciliations between the pensions paid figure and the ledger.

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

5 IMPLICATIONS

5.1 Financial

There are no expected 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. Any risks identified in the External Auditor's Annual Audit Report will be addressed through the planned management actions included in the management responses.

5.3 Integrated Impact Assessment

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 Sustainable Development Goals

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

5.5 Climate Change

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 Data Protection Impact Statement

There are no personal data implications arising from the proposals contained in this report.

5.8 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 Director People, Performance & Change and the Clerk to the Council are being consulted and any comments will be incorporated into the final report.

Approved by

Suzy Douglas
Acting Chief Financial Officer

Signature

Author(s)

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

Background Papers:

Previous Minute Reference: 27 June 2022, Audit 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.

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