



REPORT TO: MORAY COUNCIL ON 7 AUGUST 2019

SUBJECT: AUDIT SCOTLAND – MANAGEMENT REPORT – 2018/19

BY: CORPORATE DIRECTOR (CORPORATE SERVICES)

1. REASON FOR REPORT

- 1.1 To provide Council with a copy of the External Auditor's management report for 2018/19.
- 1.2 This report is submitted to Council in terms of Section III (I) (8) of the Council's Scheme of Administration relating to consideration of reports produced by the Council's External Auditor.

2. RECOMMENDATION

- 2.1 **It is recommended that the Council considers and notes the contents of the External Auditor's Management Report for 2018/19.**

3. BACKGROUND

- 3.1 A management report has been received from Audit Scotland and is attached as **APPENDIX 1** to this report. The report contains a summary of the key issues identified during the interim audit work undertaken to gain assurances over systems and processes used in the preparation of the financial statements.
- 3.2 The audit findings together with management responses to issues raised are detailed in the report.
- 3.3 The report also includes consideration of wider issues which impact on the Council, and highlights financial sustainability as the major challenge currently facing the Council, noting that there is a risk that the Council is unable to agree and implement a sustainable model for service delivery before the Council's uncommitted reserves are exhausted.

4. SUMMARY OF IMPLICATIONS

(a) Corporate Plan and 10 Year Plan (Local Outcomes Improvement Plan (LOIP))

The work of the external auditor provides assurances on key elements of the council's governance arrangements; arrangements that are central to the delivery of community and council plans.

(b) Policy and Legal

The audit is conducted in terms of statutory powers afforded to the appointed External Auditor and in accordance with Audit Scotland's Code of Practice.

(c) Financial implications

There are no financial implications directly arising from this report.

(d) Risk Implications

Implementation of the audit recommendations will mitigate the risk issues identified in the External Auditor's report.

(e) Staffing Implications

Audit recommendations will be addressed using existing staffing resources.

(f) Property

There are no property implications arising directly from this report.

(g) Equalities/Socio Economic Impact

There are no equalities or socio economic impacts known at this time.

(h) Consultations

The report has been agreed with the Corporate Management Team, Head of Financial Services, Internal Audit Manager and Payments Manager, who contributed the management responses to issues raised during the audit.

5. CONCLUSION

- 5.1 The Management Report forms part of the external audit reporting for 2018/19 and is submitted to Council for its consideration.**

Author of Report: Lorraine Paisey
Background Papers: Held by external auditor