

3. REPORT TO MEMBERS AND THE CONTROLLER OF AUDIT ON THE 2021/22 AUDIT

The committee considered a report (copies of which had been circulated) by the Head of Finance and Property Services advising of the outcome of the 2021/22 audit and providing a summary of the key points arising from the Auditor's Annual Report.

During presentation, the Head of Finance and Property Services highlighted the amber categorisation of financial sustainability, detailed on page three, which he advised reflected the severe challenge facing all local authorities in Scotland around future financial planning.

Having presented the report, the Head of Finance and Property Services acknowledged that this was the final audit of Ernst and Young LLP's (EY) term as auditors and wished to have his thanks recorded to both West Lothian Council and EY staff, who had worked on the audits in this and previous years, remarking on the professional approach by all concerned.

Stephen Reid then spoke and advised he had issued an unqualified opinion on the financial statements, with two relatively small adjustments processed prior to their finalisation. Throughout the audit the very good co-operation from the Head of Finance and Property Services and his team had enabled the audit to be completed within the agreed timescales. Referring to the amber categorisation of financial sustainability, the committee were informed that members and officers would need to continue to navigate through the ongoing challenges and uncertainties, within the sector and current environment, in terms of the preparation and finalisation of the medium-term financial plan and on an annual basis.

In recognising that EY's period as auditors for West Lothian Council had come to an end, Stephen Reid expressed his thanks to both the Head of Finance and Property Services and his team on their professional support and co-operation over the last six years.

A question was asked regarding the projected budget gap of £38.4 million, detailed within the report, and whether the gap remained at the same level during the current difficult times, at both National and Scottish Government level, with the Head of Finance and Property Services advising that the gap was now £47.1 million, reflecting the increase in pay and energy costs. Officers were continuing to monitor variables with an update report proposed for presentation at Council Executive in January 2023 following the Scottish budget and local government finance settlement. It was, however, not expected that the gap would significantly reduce and considered likely to increase.

It was recommended that the committee consider:

1. Ernst and Young LLP's 2021/22 Annual Audit Report; and
2. the audited Annual Accounts for 2021/22.

Decision

1. To note the contents of the report; and
2. To note the mutual thanks of West Lothian Council and EY during EY's term as appointed auditor.