

ABERDEEN CITY COUNCIL

COMMITTEE	Audit, Risk & Scrutiny
DATE	26 June 2019
EXEMPT	No
CONFIDENTIAL	No
REPORT TITLE	Audited Annual Accounts 2018/19
REPORT NUMBER	RES/19/293
DIRECTOR	Steven Whyte
CHIEF OFFICER	Jonathan Belford
REPORT AUTHOR	Lesley Fullerton
TERMS OF REFERENCE	4.1

1. PURPOSE OF REPORT

- 1.1 The purpose of this report is to provide Elected Members with an overview of the Council's 2018/19 audited Annual Accounts. The report also provides the audited Annual Accounts for those registered charities where the Council is the sole trustee and is subject to statutory requirements for separate accounts and audit opinions.

2. RECOMMENDATION(S)

It is recommended that the Committee: -

- 2.1 approve the Council's audited Annual Accounts for the financial year 2018/19 for signature by the Chief Officer – Finance, Chief Executive and the Council Co-Leader, and;
- 2.2 approve the audited Annual Accounts 2018/19 for those registered charities where the Council is the sole trustee and nominate a trustee to sign the accounts.

3. BACKGROUND

3.1 Audited Annual Accounts

- 3.1.1 On 14 February 2019 this committee received and noted the contents of a report, "Annual Accounts 2018/19 – Action Plan" which provided high level information and key dates in relation to the production of the 2018/19 Annual Accounts. This table has been updated to reflect changes made to the earlier submission of the Auditor's report.

- 3.1.2 The key dates contained within the above report were: -

Date		Deadline
31 March 2019	End of the financial year 2018/19	
Jan – June 2019	Information from Group Entities (including ALEO's)	
18 April 2018	Public Notice for the Public Inspection Period to be issued	17 June 2019
30 April 2019	Signing of the unaudited Annual Accounts by the Proper Officer	30 June 2019
30 April 2019	Submission of the Annual Accounts to Auditors	30 June 2019
30 April 2019	Audit, Risk and Scrutiny Committee to consider the unaudited Annual Accounts	31 August 2019
14 May – 4 June 2019	Public Inspection Period for the unaudited Annual Accounts	1 July 2019
26 June 2019	Audit, Risk and Scrutiny Committee to consider and aim to approve the audited Annual Accounts for signature	30 September 2019
26 June 2019	Signing of the audited Annual Accounts by the Proper Officer, Chief Executive and Council Leader	30 September 2019
30 June 2019	Deadline for submission of the signed audited Annual Accounts to the Auditor	30 September 2019
19 July 2019 (tbc)	Submission of the unaudited Whole of Government Accounts (WGA) to the Scottish Government (date to be confirmed)	30 September 2019
31 July 2019	Publication on the website of the signed Annual Accounts & Audit Certificate, related Auditor report and accounts of all subsidiary bodies	31 October 2019
31 July 2019	Submission of the audited Charitable Trust Annual Accounts to OSCR	31 December 2019
30 September 2019 (tbc)	Submission of the audited WGA to the Scottish Government (date to be confirmed)	30 September 2019

3.1.3 On 30 April 2019 this committee considered the unaudited Annual Accounts and they were signed by the Chief Officer - Finance (as Proper Officer).

3.1.4 The unaudited Annual Accounts were available for public inspection for the period 14 May – 4 June 2019.

3.1.5 This committee must now consider the audited Annual Accounts and approve them for signature.

3.2 Financial Performance and Review of the Accounts

3.2.1 It should be noted that the audited Annual Accounts are prepared according to the requirements of the IFRS based Code of Practice on Local Authority Accounting (the Code) and as a result are more complex and detailed than the information included in the monitoring reports provided to Committee throughout the year.

- 3.2.2 A report covering the detailed financial position of the Council was considered by the City Growth and Resources committee on 25 April 2019. That report covered the Council's revenue and capital accounts for General Fund, Housing Revenue and Common Good and the reserves and balances of the Council as at 31 March 2019.
- 3.2.3 KPMG, the Council's external auditors, have now completed their audit and the Committee will note their findings from the report, which was an earlier item on this Committee's agenda. The auditor has indicated that it will provide the Council with an unqualified audit opinion and this is incorporated into the Annual Accounts document, attached as Appendix A.
- 3.2.4 In addition to those adjustments identified by the audit, the Council undertook to incorporate changes that officers had identified too. The most significant of which was in relation to the actuarial assumptions for the pension assets and liabilities. This was to comply with accounting standards as a result the estimation assumptions used in the Draft Accounts. Revised reports were received from the Pension Fund actuaries and resulted in a net increase in liabilities of approximately £60m. This did not affect the Council's Usable Reserves.
- 3.2.5 A further adjustment to update the Asset Register for the year end transfer of land from the Housing Revenue Account to the General Fund was also updated and immaterial amendments were made between the Trust Accounts and the General Fund.
- 3.2.6 The group accounts have been amended to reflect all appropriate adjustments as well as any changes arising from the audit of other group entities.
- 3.2.7 These adjustments reflect a movement of £224 k to the overall financial position of the Council as reported to City Growth and Resources committee on 25 April 2019.
- 3.2.8 The statutory deadline for local authority financial statements to be audited and submitted to the appropriate committee is 30 September. It should be noted that the Council's Annual Accounts have now been audited, along with a Best Value audit being completed, three months ahead of the required deadline.

3.3 Registered Charities

- 3.3.1 This encompasses those trusts, registered with OSCR, for which the Council (all 45 Councillors) is the sole trustee. There are nine separately registered charities which for reporting purposes can be grouped together into a single Annual Report and Accounts.
- 3.3.2 These accounts are subject to the same audit process as the Council with the audited accounts and related auditor's report included with the afore-mentioned report from the external auditor.

4. FINANCIAL IMPLICATIONS

4.1 There are no direct financial implications, not already referred to, arising from this report.

5. LEGAL IMPLICATIONS

5.1 There is a statutory requirement for the Council to produce both unaudited and audited Annual Accounts within certain timescales and to a high standard in accordance with The Local Authority Accounts (Scotland) Regulations 2014, the CIPFA Code of Practice on Local Authority Accounting and generally accepted accounting practices. This is a major task which requires co-operation and input from a large number of people across all services of the Council. It is only with the commitment of all staff that these high standards and deadlines can be met.

6. MANAGEMENT OF RISK

	Risk	Low (L), Medium (M), High (H)	Mitigation
Financial	External audit reveals errors &/or adjustments	L	Officers discuss with Auditors throughout external audit process.
Legal	Risk of Legislation not being followed	L	Staff working with external audit to ensure compliance with legislation
Employee	External audit reveals errors &/or adjustments	L	Officers discuss with Auditors throughout external audit process.
Customer	Customer/relationship management	L	External Auditors will examine and scrutinise the Annual Accounts and report their findings in the Annual Audit Report.
Environment	n/a	n/a	n/a
Technology	Risk that the Finance systems could be disrupted	L	Digital strategy that includes regular and rigorous checks to protect the integrity of all systems.
Reputational	Information contained in the Annual Accounts may cause damage to the Council's reputation	L	Independent examination by senior staff and external auditors

7. OUTCOMES

Local Outcome Improvement Plan Themes	
	Impact of Report
Prosperous Economy	<p>The accounts for 2018/19 have recognised the role of the Council in delivering specific projects that will deliver economic impacts in their own right; and the Council's corporate role in delivering wider 'business facing' activity in supporting the competitiveness of the business environment.</p> <p>The economy is exposed to external issues such as EU Exit, globalisation and higher prices, as well as macro-economic issues relating to energy prices that will have a proportionately higher direct impact on the local economy than elsewhere in Scotland and the United Kingdom.</p>
Prosperous People	<p>The Accounts for 2018/19 provide details of income and expenditure incurred in the provision of services in Aberdeen City for the year.</p>
Prosperous Place	<p>The Annual Accounts report provides financial information to the people of Aberdeen regarding the services in their area. The narrative report contained within explains the governance of the Council, and projects that ACC has undertaken over the past year, along with future plans for Aberdeen City.</p>
Enabling Technology	<p>The aim of the Council's digital strategy is to make it easier for employees to do their jobs, give customers better choice in how they get information and use services, ensure that information is shared and to use data to make better decisions.</p>

This report does not impact on the design principles of the Target Operating Model.

8. IMPACT ASSESSMENTS

Assessment	Outcome
Equality & Human Rights Impact Assessment	not required
Privacy Impact Assessment	not required
Duty of Due Regard / Fairer Scotland Duty	not applicable

9. BACKGROUND PAPERS

Delivering Good Governance in Local Government, Framework (2016 Edition)' CIPFA & SOLACE, 2016;
'Delivering Good Governance in Local Government, Guidance Note for Scottish Local Authorities (2016 Edition)' CIPFA & SOLACE, 2016;
Audited Annual Accounts 2018/19

10. APPENDICES

Appendix A - Audited Annual Accounts 2018/19
Appendix B - Aberdeen City Council Registered Charities audited Annual Report and Accounts 2018/19

11. REPORT AUTHOR CONTACT DETAILS

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