

ABERDEEN CITY COUNCIL

COMMITTEE	Urgent Business Committee
DATE	30 June 2020
EXEMPT	No
CONFIDENTIAL	No
REPORT TITLE	Audited Annual Accounts 2019/20
REPORT NUMBER	RES/20/097
DIRECTOR	Steven Whyte
CHIEF OFFICER	Jonathan Belford
REPORT AUTHOR	Lesley Fullerton
TERMS OF REFERENCE	UBC 1

1. PURPOSE OF REPORT

- 1.1 The purpose of this report is to provide Elected Members with an overview of the Council's 2019/20 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. RECOMMENDATIONS

That the Committee :-

- 2.1 approve the Council's audited Annual Accounts for the financial year 2019/20 as presented, subject to the final amendments being agreed with external auditors as highlighted in their report, following consultation with the Chief Executive and five political group leaders; and
- 2.2 approve the audited Annual Accounts 2019/20, as stated at paragraph 2.1, 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 4 December 2019 the Audit Risk and Scrutiny Committee received and noted the contents of a report, "Annual Accounts 2019/20 – Action Plan" which provided high level information and key dates in relation to the production of the 2019/20 Annual Accounts.

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

31 March 2020	End of the financial year 2019/20
Jan – June 2020	Information from Group Entities (including ALEO's)
17 April 2020	Public Notice for the Public Inspection Period to be issued
05 May 2020	Signing of the unaudited Annual Accounts by the Proper Officer
06 May 2020	Audit, Risk and Scrutiny Committee to consider the unaudited Annual Accounts
06 May 2020	Submission of the unaudited Annual Accounts to Auditors
11 May – 1 June 2020	Public Inspection Period for the unaudited Annual Accounts
30 June 2020	Audit, Risk and Scrutiny Committee to consider and aim to approve the audited Annual Accounts for signature
30 June 2020	Signing of the audited Annual Accounts by the Proper Officer, Chief Executive and Council Leader
30 June 2020	Statutory deadline for the Proper Officer to sign the unaudited Annual Accounts, submit to the Auditor and publish on the website
17 July 2020 (tbc)	Deadline for submission of the Whole of Government Accounts (WGA) to the Scottish Government (date to be confirmed)
30 September 2020	Deadline for submission of the signed audited Annual Accounts to the Auditor
30 September 2020	Audit Risk & Scrutiny Committee to consider the Auditor's Annual Report
30 September 2020 (tbc)	Deadline for submission of the audited WGA to the Scottish Government (date to be confirmed)
31 October 2020	Statutory deadline for the publication on the website of the signed Annual Accounts & Audit Certificate, related Auditor report and accounts of all subsidiary bodies
31 December 2020	Deadline for submission of the audited Charitable Trust Annual Accounts to OSCR

- 3.1.3 The change in governance arrangements for Council Committees, agreed by the Urgent Business Committee on 20 March 2020, (report no Gov/20/077) means that the audited Annual Accounts, along with the External Auditors report, are now being presented to this Urgent Business Committee.
- 3.1.4 On 6 May 2020 this Committee considered the unaudited Annual Accounts and they were signed by the Chief Officer - Finance (as Proper Officer).
- 3.1.5 The unaudited Annual Accounts were available for public inspection for the period 11 May – 1 June 2020.
- 3.1.6 Having considered the reports from the External Auditor and taken into account their audit opinion (in the previous report on the agenda) the committee must now consider the audited Annual Accounts and approve them for signature.
- 3.1.7 The preparation of the Council's Annual Accounts 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.

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 International Financial Reporting Standards 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 also considered by this Committee on 6 May 2020. 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 2020.
- 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 decrease in liabilities of approximately £164m. This did not affect the Council's Usable Reserves.
- 3.2.5 A further adjustment was made to long term and short term borrowing to correctly identify borrowing, and immaterial amendments were made to creditors, debtors, revenue and long-term investments to update the position.
- 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 £173k to the overall financial position of the Council as reported to Urgent Business Committee on 6 May 2020.
- 3.2.8 The statutory deadline for local authority financial statements to be audited and submitted to the appropriate committee is normally 30 September, with this being extended to 30 November this year in response to the impact of the Covid-19 pandemic. It should be noted that the Council's Annual Accounts have now been audited, along with a Best Value audit being completed five 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.

5.2 There is a statutory requirement for the Council to produce the audited Annual Accounts for the Charitable Trusts within specific timescales and as per guidance produced by the Office of the Scottish Charity Regulator (OSCR).

6. MANAGEMENT OF RISK

Category	Risk	Low (L) Medium (M) High (H)	Mitigation
Strategic Risk	n/a	n/a	n/a
Compliance	Risk of legislation not being followed	L	Staff working with external audit to ensure compliance with legislation
Operational	There is the risk that technological issues may prevent the Council from preparing the annual accounts	L	Staff working with IT ensuring that correct processes are in place to prevent technological disruption
Financial	External audit reveals errors &/or adjustments	L	Officers discuss with auditors throughout the external audit process
Reputational	Information contained in the Annual Accounts may cause damage to the Council's reputation	L	Independent examination by senior staff and external auditors

Environment / Climate	n/a	n/a	n/a
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7. OUTCOMES

<u>COUNCIL DELIVERY PLAN</u>	
Impact of Report	
Aberdeen City Council Policy Statement	The proposals within this report provide financial information which supports all services and programmes provided by the Council.
Aberdeen City Local Outcome Improvement Plan	
Prosperous Economy Stretch Outcomes	The annual accounts for 2019/20 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. 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.
Prosperous People Stretch Outcomes	The Accounts for 2019/20 provide details of income and expenditure incurred in the provision of services in Aberdeen City for the year.
Prosperous Place Stretch Outcomes	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.
Regional and City Strategies	The Council's Annual Accounts provides financial information which supports these strategies.
UK and Scottish Legislative and Policy Programmes	Government guidance and policy is continually being updated and the Council continues to comply with the legislation updates.

8. IMPACT ASSESSMENTS

Assessment	Outcome
Impact Assessment	not required
Data Protection Impact Assessment	not required

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;
Unaudited Annual Accounts 2019/20

10. APPENDICES

Appendix A - Audited Annual Accounts 2019/20
Appendix B - Aberdeen City Council Registered Charities audited Annual Report and Accounts 2019/20

11. REPORT AUTHOR CONTACT DETAILS

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