

ABERDEEN CITY COUNCIL

COMMITTEE	Audit Risk & Scrutiny Committee
DATE	30 June 2021
EXEMPT	No
CONFIDENTIAL	No
REPORT TITLE	Audited Annual Accounts 2020/21
REPORT NUMBER	RES/21/160
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 2020/21 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)

That the Committee :-

- 2.1 approve the Council's audited Annual Accounts for the financial year 2020/21 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 2020/21, 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

- 3.1.1 On 9 December 2020 the Audit Risk and Scrutiny Committee received and noted the contents of a report, "Annual Accounts 2020/21 – Action Plan" which provided high level information and key dates in relation to the production of the 2020/21 Annual Accounts.
- 3.1.2 The key dates contained within the above report were: -

31 March 2021	End of the financial year 2020/21
Jan – June 2021	Information from Group Entities (including ALEO's)
16 April 2021	Public Notice for the Public Inspection Period to be issued

10 May 2021	Signing of unaudited Annual Accounts by the Proper Officer
12 May 2021	Audit, Risk and Scrutiny Committee to consider the unaudited Annual Accounts
12 May 2021	Submission of the Annual Accounts to Auditors
12 May – 2 June 2021	Public Inspection Period for the unaudited Annual Accounts
30 June 2021	Audit, Risk and Scrutiny Committee to consider and aim to approve the audited Annual Accounts for signature
30 June 2021	Signing of the audited Annual Accounts by the Proper Officer, Chief Executive and Council Leader.
30 June 2021	Statutory deadline for the Proper Officer to sign the unaudited Annual Accounts, submit to the Auditor and publish on the website, along with the accounts of all subsidiary bodies
17 July 2021 (tbc)	Deadline for submission of the unaudited Whole of Government Accounts (WGA) to the Scottish Government
30 September 2021	Deadline for submission of the signed audited Annual Accounts to the Auditor
30 September 2021	Deadline for submission of the audited WGA to the Scottish Government
31 October 2021	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 2021	Deadline for submission of the audited Charitable Trust Annual Accounts to OSCR

- 3.1.3 On 12 May 2021 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 12 May – 2 June 2021.
- 3.1.5 Having considered the reports from the External Auditor and taken into account their audit opinion (in a previous report on the agenda) the committee must now consider the audited Annual Accounts and approve them for signature.
- 3.1.6 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 considered by City Growth and Resources Committee on 11 May 2021. 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 2021.

- 3.2.3 KPMG, the Council's external auditors, have now substantially 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 will be 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 of 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 £82m. This did not affect the Council's Usable Reserves.
- 3.2.5 A further adjustment was made to service income and expenditure to correctly identify ALEO revenue, and immaterial amendments were made to creditors, debtors, revenue and reserves to update the Covid grants position per guidance received from LASAAC after date of submission of draft Annual Accounts to Committee.
- 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 (£105k) to the overall financial position of the Council as reported to Urgent Business Committee on 11 May 2021.
- 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 31 October 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 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	There is a risk that the 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

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 2020/21 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 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 2020/21 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
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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 2020/21

10. APPENDICES

Appendix A - Audited Annual Accounts 2020/21
Appendix B - Aberdeen City Council Registered Charities audited Annual
Report and Accounts 2020/21

11. REPORT AUTHOR CONTACT DETAILS

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