

ABERDEEN CITY COUNCIL

COMMITTEE	Audit, Risk and Scrutiny
DATE	2 December 2021
EXEMPT	No
CONFIDENTIAL	No
REPORT TITLE	Annual Accounts 2021/22 – Action Plan and Key Dates
REPORT NUMBER	RES/21/290
DIRECTOR	Steven Whyte, Director of Resources
CHIEF OFFICER	Jonathan Belford, Chief Officer – Finance
REPORT AUTHOR	Lesley Fullerton, Finance Operations Manager
TERMS OF REFERENCE	1.3

1. PURPOSE OF REPORT

- 1.1 The purpose of this report is to provide Elected Members with high level information and key dates in relation to the 2021/22 Annual Accounts including linkages to the plans and timetables of the Council's External Auditors.

2. RECOMMENDATION(S)

- 1.2 It is recommended committee notes the information in relation to the 2021/22 annual accounts process contained within the report.

3. BACKGROUND

- 3.1 The Annual Accounts 2021/22 will summarise the Council's transactions for the period, 1 April 2021 to 31 March 2022 and its financial position at the year-end 31 March 2022. They will be prepared in accordance with the International Financial Reporting Standards (IFRS) based Code of Practice on Local Authority Accounting in the United Kingdom (the Code), and in accordance with The Local Authority Accounts (Scotland) Regulations 2014. There are no changes to these Codes in 2021/22 which will have any significant impact on the Annual Accounts.

3.2 In order to comply with the regulations of being listed on the London Stock Exchange the Council is implementing the same earlier year end closedown as previous years. This means that the unaudited Annual Accounts will be ready for audit by 30 April 2022 and signed audited Annual Accounts by 30 June 2022.

3.3 There are a number of key dates within this process, and these are summarised as follows:

Date(s)	Description
31 March 2022	End of the financial year 2021/22
Jan – June 2022	Information from Group Entities (including ALEO's)
25 April 2022	Public Notice for the Public Inspection Period to be issued
6 May 2022	Signing of unaudited Annual Accounts by the Proper Officer
9 May 2022	Submission of the Annual Accounts to Auditors
16 May – 3 June 2022	Public Inspection Period for the unaudited Annual Accounts
30 June 2022	Audit, Risk and Scrutiny Committee to consider and aim to approve the audited Annual Accounts for signature
30 June 2022	Signing of the audited Annual Accounts by the Proper Officer, Chief Executive and Council Leader.
30 June 2022	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
15 July 2022 (tbc)	Deadline for submission of the unaudited Whole of Government Accounts (WGA) to the Scottish Government
30 September 2022	Deadline for submission of the signed audited Annual Accounts to the Auditor
30 September 2022	Deadline for submission of the audited WGA to the Scottish Government
31 October 2022	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 2022	Deadline for submission of the audited Charitable Trust Annual Accounts to OSCR

3.3.1 31 March 2022

Transactions relating to goods and services received or provided by the Council by 31 March 2022 should be recorded in the 2021/22 financial year.

To facilitate an efficient year end closure, deadlines have been put in place in relation to ordering goods and services, posting/authorising payments, raising invoices and making accruals for material items. These key dates along with relevant guidance have been communicated throughout the Council by messages on the Zone, and meetings between accounting staff and budget holders.

3.3.2 January 2022 – June 2022

The Council is required to consider its interests in all types of entity and prepare Group Accounts which incorporate the material transactions and balances of those entities identified as subsidiaries, associates and joint ventures. A number of the entities included are also referred to as ALEO's (Arm's Length

External Organisations). Throughout this period there are a number of deadlines for these entities to provide management accounts, draft financial statements with detailed working papers as necessary and audited Annual Accounts.

3.3.3 25 April 2022, 16 May 2022 – 3 June 2022

The Local Authority Accounts (Scotland) Regulations 2014 defines the notice period, the inspection period, the deadline for submission of an objection to the accounts and the information which must be made available for inspection. The latest date by which the public inspection can start is 1 July and a public notice must be issued by 17 June, giving at least 14 days' notice before the start of the inspection period.

3.3.4 6 & 9 May 2022

The Local Authority Accounts (Scotland) Regulations 2014 only requires the unaudited Annual Accounts to be signed by the Proper Officer (Chief Officer - Finance) prior to submission to the Auditor.

The Audit, Risk and Scrutiny Committee will receive the unaudited Annual Accounts 2021/22, including the Annual Governance Statement and Remuneration Report for consideration prior to submission for audit. The Local Authority Accounts (Scotland) Regulations 2014 requires that a committee whose remit includes audit or governance meet to consider the unaudited accounts as submitted to the auditor no later than 31 August.

Due to the Scottish Local Government Elections being held on Thursday 5th May 2022 the committee cycle has had to be altered for 2022. As a result, there will be no Audit, Risk and Scrutiny Committee held in May, where the unaudited Annual Accounts would usually be reported. The first committee date after 30 April 2022, when the unaudited Annual Accounts are completed will be 30 June 2022. Therefore, the unaudited Annual Accounts 2021/22 will be reported to this Committee on 30 June 2022 along with the audited Annual Accounts 2021/22.

3.3.5 9 May 2022

The Regulations also require publication of the unaudited Annual Accounts, as submitted to the Auditor, on the Council's website until the audited accounts can replace them.

3.3.6 30 June 2022

The Audit, Risk and Scrutiny Committee will receive the audited Annual Accounts for consideration. The Local Authority Accounts (Scotland) Regulations 2014 require that the committee aim to approve these accounts prior to their signature by the Proper Officer, Chief Executive and Council Leader having regard to any report made on the accounts and any advice given by the Proper Officer or the Auditor.

The committee will also receive the external auditor's "Annual Report to Members and the Controller of Audit on the 2021/22 audit" for debate and

consideration. This report provides observations arising from the audit that are significant and relevant to their responsibility to oversee the financial reporting process and sets out the auditor's responsibilities in relation to the financial audit, the auditor's findings and conclusions from all audit activity undertaken during the year. It highlights the significant issues arising from the audit of the financial statements and informs Elected Members of the proposed audit opinion in advance of the accounts being certified.

The Annual Audit report includes the draft audit opinion on whether the accounts provide a 'true and fair view' of the Council finances and includes a review of 'going concern'. For 2019/20 and 2020/21 there was significant focus on this aspect of the audit due to Covid-19 impact, and this extended to the ALEO's.

3.3.7 15 July & 30 September 2022

The Whole of Government Accounts (WGA) Returns are prepared based on the draft and final annual accounts, and form part of the external audit. There was a delay in the WGA Return being issued for the 20/21 Accounts due to amended deadlines because of the Covid pandemic. Therefore, there is the possibility that these deadlines may be extended for 2021/22.

3.3.8 31 October 2021

The Local Authority Accounts (Scotland) Regulations 2014 set out the requirements for publication of the audited Annual Accounts by 31 October, including the signed accounts and audit certificate and all auditor reports relating to those signed accounts. In addition, the Council must publish the accounts of its subsidiaries either on its website or through a link to the relevant page on the company's website. All published documents must be available for at least five years.

3.4 KPMG's "Annual Audit Plan 2021/22" is also presented to this meeting and Elected Members should note that accounting staff have already engaged with the external audit team as part of planning to produce the accounts and the audit thereof. This engagement will continue throughout the accounts and audit processes. This will ensure that any issues arising with the accounts are highlighted and dealt with promptly and that information provided to the auditors is relevant, timely and of a suitable standard to enable them to carry out their work efficiently and effectively.

3.5 Local Authority Charities

3.5.1 There is a requirement for full compliance with the Charities Accounts (Scotland) Regulations 2006 which means that a full audit is required for all registered charities where the Council is the sole trustee irrespective of the size of the charity. The Accounts Commission has appointed the current auditor of the Council as the auditor of its relevant charities.

There are several statutory provisions in relation to record keeping and preparation of accounts for such charities as well as the duties of charity trustees in relation to accounting records. The Local Authority Accounts

(Scotland) Regulations 2014 also make provision for such bodies in a number of areas.

Taken together this effectively means that separate accounts and audit opinions are required for charities, and this is subject to the same requirements and timetable as detailed above for the Council's accounts.

4. FINANCIAL IMPLICATIONS

4.1 There are no financial implications arising as a result of 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.

6. MANAGEMENT OF RISK

Category	Risk	Low (L) Medium (M) High (H)	Mitigation
Strategic Risk	No risk identified	n/a	n/a
Compliance	No risk identified	n/a	n/a
Operational	No risk identified	n/a	n/a
Financial	No risk identified	n/a	n/a
Reputational	No risk identified	n/a	n/a
Environment / Climate	No risk identified	n/a	n/a

7. OUTCOMES

<u>COUNCIL DELIVERY PLAN</u>	
	Impact of Report
Aberdeen City Council Policy Statement	Annual Accounts is an enabler for the delivery of the outcomes and external audits ensure that the Council's stewardship and financial management are robust.
Aberdeen City Local Outcome Improvement Plan	
Prosperous Economy Stretch Outcomes	There are no direct implications on the economy arising from the recommendations of this report.
Prosperous People Stretch Outcomes	A robust year end process and timetable assists budget holders in their role which in turn should enhance the staff experience.

Prosperous Place Stretch Outcomes	There are no direct implications on the environment arising from the recommendations of this report.
Regional and City Strategies	There are no direct implications on the economy arising from the recommendations of this report.
UK and Scottish Legislative and Policy Programmes	The report sets out the key dates for the Annual Accounts 2020/21, which fulfils the requirements placed upon the Council by The Local Authority Accounts (Scotland) Regulations 2014.

8. IMPACT ASSESSMENTS

Assessment	Outcome
Impact Assessment	Not required
Data Protection Impact Assessment	Not required

9. BACKGROUND PAPERS

9.1 None

10. REPORT AUTHOR CONTACT DETAILS

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