

ABERDEEN CITY COUNCIL

COMMITTEE: Audit, Risk & Scrutiny
DATE: 27 September 2016
INTERIM DIRECTOR: Richard Ellis
TITLE OF REPORT: Audited Annual Accounts 2015/16
REPORT NUMBER: CG/16/120
CHECKLIST COMPLETED Yes

1. PURPOSE OF REPORT

- 1.1 The purpose of this report is to provide the Council's audited Annual Accounts 2015/16.
- 1.2 The report also provides the audited Annual Accounts 2015/16 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:

- i) approve the Council's audited Annual Accounts for signature by the Head of Finance, Chief Executive and Council Leader; and
- ii) approve the audited Annual Accounts for those registered charities where the Council is the sole trustee, for signature by a trustee.

3. FINANCIAL IMPLICATIONS

There are no direct financial implications arising from this report.

4. OTHER IMPLICATIONS

- 4.1 There is a statutory requirement for the Council to produce both unaudited and audited Annual Accounts within certain timescales and to a high standard. 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.

5. BACKGROUND/MAIN ISSUES

5.1 Audited Annual Accounts

5.1.1 On 9th March 2016 this committee received and noted the contents of a report, “Annual Accounts 2015/16 – Action Plan” which provided high level information and key dates in relation to the production of the 2015/16 Annual Accounts.

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

31 March 2016	End of the financial year 2015/16
March – Sept 2016	Information from Group Entities (including ALEO's)
17 June 2016	Public Notice for the Public Inspection Period to be issued
27 June 2016	Audit, Risk and Scrutiny Committee to consider the draft Annual Accounts
30 June 2016	Statutory deadline for the Proper Officer to sign the draft Annual Accounts, submit to the Auditor and publish on the website
1 – 21 July 2016	Public Inspection Period for the draft Annual Accounts
30 July 2016	Deadline for submission of the Whole of Government Accounts (WGA) to the Scottish Government
27 September 2016	Audit, Risk and Scrutiny Committee to consider and aim to approve the audited Annual Accounts for signature
27/28 Sept 2016	Signing of the audited Annual Accounts by the Proper Officer, Chief Executive and Council Leader
28 September 2016	Deadline for submission of the signed audited Annual Accounts to the Auditor
Early October 2016	Deadline for submission of the audited WGA to the Scottish Government (date to be confirmed)
31 October 2016	Statutory deadline for the publication on the website of the signed Annual Accounts & Audit Certificate, related Auditor report and accounts of all subsidiary bodies
16 December 2016	Deadline for submission of the audited Charitable Trust Annual Accounts to OSCR

5.1.3 On 27 June 2016 this committee considered the unaudited Annual Accounts and they were signed by the Head of Finance (as Proper Officer) on 27 June 2016.

5.1.4 The unaudited Annual Accounts were available for public inspection for the period 1 – 21 July 2016.

5.1.5 The committee must now consider and aim to approve the audited Annual Accounts for signature.

5.1.6 In a separate report, this committee has considered the external auditor's Annual Audit Report to Members and the Controller of Audit. This report highlights any significant findings from the audit of the accounts and informs Elected Members of their audit opinion.

5.2 Financial Performance and Review of the Accounts

- 5.2.1 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.
- 5.2.2 A report detailing the financial position of the Council was considered by the Finance, Policy and Resources committee on 7 June 2016. This 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 2016.
- 5.2.3 The following paragraphs explain the audit adjustments made to the Annual Accounts:
- 5.2.3.1 The revaluation of the council's housing stock had initially been based on rental values including elements such as 'heat with rent' which should have been removed. The value of the housing stock has been reduced to reflect its current fair value taking account of the proper rental values.
- 5.2.3.2 The value of long term debtors has been reduced to reflect that the loan to Aberdeen Sports Village (ASV) has now been converted to shares and is thus included within long term investments.
- 5.2.3.3 An earmarked amount used to fund capital expenditure originally included within financing and investment income and expenditure has been re-allocated to the cost of services to reflect proper accounting treatment.
- 5.2.3.4 The group accounts have been amended to reflect the above adjustments as well as any changes arising from the audit of other group entities.
- 5.2.4 These adjustments do not affect the overall financial position of the Council as reported to Finance, Policy and Resources committee on 7 June 2016.

5.3 Registered Charities

- 5.3.1 This encompasses those trusts, registered with OSCR, for which the Council (all 43 Councillors) is the sole trustee. There are eight separately registered charities which for reporting purposes can be grouped together into a single Annual Report and Accounts.
- 5.3.2 These accounts are subject to the same audit process as the Council with the audited accounts and are included with the aforementioned report from the external auditor.

- 5.3.3 The committee must now consider and aim to approve the audited Annual Accounts for signature.

6. IMPACT

Improving Customer Experience –

Whilst there is no direct impact arising from this report, the publication of the Annual Accounts demonstrates the Council's proper stewardship and accountability of the public funds with which it is entrusted.

Improving Staff Experience –

Whilst there is no direct impact arising from this report, a robust year end process and timetable assists budget holders in their role which in turn should enhance the staff experience.

Improving our use of Resources –

Whilst there is no direct impact arising from this report, the approval of the Annual Accounts demonstrates that the Council has systems in place to govern its use of resources.

Corporate -

Financial governance is a vital part of ensuring that the resources required to take forward the council's plans and vision are robustly monitored and used effectively.

It is the aim of the Council to maintain working balances to a level that provides sufficient scope to deal with unexpected or unforeseen events in order that this does not have a detrimental and immediate impact on service delivery.

Public –

This report is likely to be of interest to the public as it concerns the stewardship of the council's financial resources.

7. MANAGEMENT OF RISK

The robust process of closing the accounts at the financial year-end means that all reasonable steps have been taken to ensure that they are reflective of the financial circumstances of the Council during 2015/16 and as at 31 March 2016.

8. REPORT AUTHOR DETAILS

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9. BACKGROUND PAPERS

Audited Annual Accounts 2015/16

Audit Scotland Annual Audit Report to Members and the Controller of Audit