

ABERDEEN CITY COUNCIL

COMMITTEE	Audit, Risk and Scrutiny
DATE	23 February 2017
INTERIM DIRECTOR	Richard Ellis
TITLE OF REPORT	Annual Accounts 2016/17 – Action Plan and Key Dates
REPORT NUMBER	CG/17/008
CHECKLIST COMPLETED	Yes

1. PURPOSE OF REPORT

The purpose of this report is to provide Elected Members with high level information and key dates in relation to the 2016/17 Annual Accounts including linkages to the plans and timetables of the Council's External Auditors.

2. RECOMMENDATION(S)

It is recommended that the Committee note the contents of this report.

3. FINANCIAL IMPLICATIONS

There are no financial implications arising as a result of this report.

4. OTHER IMPLICATIONS

There is a statutory requirement for the Council to produce both draft 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 The Annual Accounts 2016/17 will summarise the Council's transactions for the period 1 April 2016 to 31 March 2017 and its financial position at the year end 31 March 2017. They will be prepared in accordance with the International Financial Reporting (IFRS) based Code of Practice on Local Authority Accounting in the United Kingdom (the Code), the Service Reporting Code of Practice (SeRCOP) and in accordance with The Local Authority Accounts (Scotland) Regulations 2014. There are no changes to either of the aforementioned Codes in 2016/17 which will have any significant impact on the Annual Accounts.

5.2 There are a number of key dates and these are summarised as follows:-

31 March 2017	End of the financial year 2016/17
March – Sept 2017	Information from Group Entities (including ALEO's)
14 June 2017	Public Notice for the Public Inspection Period to be issued
22 June 2017	Audit, Risk and Scrutiny Committee to consider the draft Annual Accounts
29 June 2017	Statutory deadline for the Proper Officer to sign the draft Annual Accounts, submit to the Auditor and publish on the website
30 June — 20 July 2017	Public Inspection Period for the draft Annual Accounts
28 July 2017	Deadline for submission of the Whole of Government Accounts (WGA) to the Scottish Government
26 September 2017	Audit, Risk and Scrutiny Committee to consider and aim to approve the audited Annual Accounts for signature
26/27 Sept 2017	Signing of the audited Annual Accounts by the Proper Officer, Chief Executive and Council Leader
29 September 2017	Deadline for submission of the signed audited Annual Accounts to the Auditor
Early October 2017	Deadline for submission of the audited WGA to the Scottish Government (date to be confirmed)
31 October 2017	Statutory deadline for the publication on the website of the signed Annual Accounts & Audit Certificate, related Auditor report and accounts of all subsidiary bodies
15 December 2017	Deadline for submission of the audited Charitable Trust Annual Accounts to OSCR

5.2.1 31 March 2017

Transactions relating to goods and services received or provided by the Council by 31 March 2017 should be recorded in the 2016/17 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.

5.2.2 March – September 2017

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.

5.2.3 14 June 2017 and 30 June - 20 July 2017

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.

5.2.4 22 June 2017

The Audit, Risk and Scrutiny Committee will receive the draft Annual Accounts 2016/17, 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. As the body charged with governance it allows you the opportunity to take ownership of the accounts, to review them such as to be satisfied with their completeness hence effectively "sign off" the governance statement before they are submitted for audit.

5.2.5 29 June 2017

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

5.2.6 26 September 2017

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 2016/17 audit" for debate and consideration. This report sets out the auditor's finding and conclusions from all audit activity undertaken during the year, 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.

5.2.7 31 October 2017

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 have to be available for at least five years.

- 5.3 KPMG's "Annual Audit Plan 2017/18" 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 for the production of 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.

5.4 Local Authority Charities

- 5.4.1 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 a number of 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.

5.5 Future Developments

- 5.5.1 At its meeting on 24th November 2016, this committee noted that the Head of Finance would develop financial reporting to include the Council's Balance Sheet in future reporting to the Finance, Policy and Resources Committee.
- 5.5.2 In the context of the Council now being listed on the London Stock Exchange (LSE), there is a need to develop and put appropriate

governance arrangements in place to ensure compliance with a wide range of LSE requirements including accounting and reporting.

- 5.5.3 This will require significant transformation in the way the Council monitors and reports against budget, both internally and externally, during the year as well as how it produces its annual accounts. Work is underway to progress and introduce these changes for 2017/18.

6. IMPACT

Improving Customer Experience –

No direct impact arising from this report.

Improving Staff Experience –

No direct impact arising from this report.

Improving our use of Resources –

No direct impact arising from this report.

Corporate –

There is a statutory requirement to produce both draft and audited Annual Accounts. The publication of these demonstrates the Council's proper stewardship of and accountability for the public funds with which it is entrusted.

Public –

This report may be of interest to the public as it provides information on preparation and publication of the Annual Accounts and related public inspection dates.

7. MANAGEMENT OF RISK

There are no direct risks arising from this report.

8. BACKGROUND PAPERS

None

9. REPORT AUTHOR DETAILS

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