

ABERDEEN CITY COUNCIL

COMMITTEE	Audit, Risk & Scrutiny
DATE	26 June 2018
REPORT TITLE	Audited Annual Accounts 2017/18
REPORT NUMBER	RES/18/044
DIRECTOR	Steven Whyte
CHIEF OFFICER	Sandra Buthlay
REPORT AUTHOR	Lesley Fullerton
TERMS OF REFERENCE	Section 4.1 consider and approve the Council's Annual Report and Annual Accounts

1. PURPOSE OF REPORT

- 1.1 The purpose of this report is to provide Elected Members with an overview of the Council's 2017/18 audited Annual Accounts.
- 1.2 The report also provides the audited Annual Accounts 2017/18 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)

- 2.1 It is recommended that the Committee:-
 - 2.1.1 approve the Council's audited Annual Accounts 2017/18 for signature by the Director of Resources, Chief Executive and Council Co-Leader, and;
 - 2.1.2 approve the audited Annual Accounts 2017/18 for those registered charities where the Council is sole trustee and nominate a trustee to sign the accounts.

3. BACKGROUND

3.1 Audited Annual Accounts

- 3.1.1 On 22 February 2018 this committee received and noted the contents of a report, "Annual Accounts 2017/18 – Action Plan" which provided high level information and key dates in relation to the production of the 2017/18 Annual Accounts.
- 3.1.2 The key dates contained within the above report were:-

31 March 2018	End of the financial year 2017/18
Jan – June 2018	Information from Group Entities (including ALEO's)
20 April 2018	Public Notice for the Public Inspection Period to be issued
8 May 2018	Signing of the unaudited Annual Accounts by the Proper Officer
8 May 2018	Audit, Risk and Scrutiny Committee to consider the unaudited Annual Accounts
14 May – 4 June 2018	Public Inspection Period for the unaudited Annual Accounts
26 June 2018	Audit, Risk and Scrutiny Committee to consider and aim to approve the audited Annual Accounts for signature
26 June 2018	Signing of the audited Annual Accounts by the Proper Officer, Chief Executive and Council Leader
30 June 2018	Statutory deadline for the Proper Officer to sign the unaudited Annual Accounts, submit to the Auditor and publish on the website
20 July 2018	Deadline for submission of the Whole of Government Accounts (WGA) to the Scottish Government
28 September 2018	Deadline for submission of the signed audited Annual Accounts to the Auditor
25 September 2018	Audit Risk & Scrutiny Committee to consider the Auditor's Annual Report
September 2018	Deadline for submission of the audited WGA to the Scottish Government (date to be confirmed)
31 October 2018	Statutory deadline for the publication on the website of the signed Annual Accounts & Audit Certificate, related Auditor report and accounts of all subsidiary bodies
24 December 2018	Deadline for submission of the audited Charitable Trust Annual Accounts to OSCR

- 3.1.3 On 8 May 2018 this committee considered the unaudited Annual Accounts and they were signed by the Director of Resources (as Proper Officer).
- 3.1.4 The unaudited Annual Accounts were available for public inspection for the period 14 May – 4 June 2018.
- 3.1.5 This committee must now consider and aim to approve the audited Annual Accounts for signature.
- 3.1.6 In a separate report, this committee has considered the external auditor's ISA 260 Report on the audit of the financial statements to Members and the Controller of Audit. This report highlights any significant findings from the audit of the accounts and provides their audit opinion.

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 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.

3.2.2 A report covering the detailed financial position of the Council was considered by the City Growth and Resources Committee on 24 April 2018. 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 2018.

3.2.3 The following paragraphs explain the audit adjustments made to the Annual Accounts:

3.2.3.1 Capital expenditure on HRA new build housing was reinstated to reflect its social housing value.

3.2.3.2 Corrections were made to the Stoneywood School and Bankhead Academy (new Stoneywood School site) to reflect their individual values.

3.2.3.3 An adjustment has been made to show interest income and expenditure gross in the accounts.

3.2.3.4 The prior-year accounting entries in relation to the Council's bond issuance have been amended to correct the interest expense in 2017/18.

3.2.3.5 The accounting entries in relation to the accrual of capital expenditure has been amended to correct an understatement at year end.

3.2.3.6 Expenditure incurred in relation to the Harbour Expansion project has been amended to reflect proper accounting treatment.

3.2.3.7 The accounting entries in relation to the treatment of Marischal Square have been amended to reflect proper accounting treatment.

3.2.3.8 The trust fund accounts have been amended to reflect the difference in value which arose between the cut off date and the year end.

3.2.4 The group accounts have been amended to reflect the above adjustments as well as any changes arising from the audit of other group entities.

3.2.5 These adjustments do not affect the overall financial position of the Council as reported to City Growth and Resources committee on 24 April 2018.

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.

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

4. FINANCIAL IMPLICATIONS

4.1 There are no direct financial implications 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. 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.

6. MANAGEMENT OF RISK

	Risk	Low (L), Medium (M), High (H)	Mitigation
Financial	External audit reveals errors &/or adjustments	L	Officers discuss with Auditors throughout external audit process.
Legal	Risk of Legislation not being followed	L	Staff working with external audit to ensure compliance with legislation
Employee	External audit reveals errors &/or adjustments	L	Officers discuss with Auditors throughout external audit process.
Customer	Customer/relationship management	L	External Auditors will examine and scrutinise the Annual Accounts and report their findings in the Annual Audit Report.
Environment	n/a	n/a	n/a

Technology	Risk that the Finance systems could be disrupted.	L	Digital strategy that includes regular and rigorous checks to protect the integrity of all systems.
Reputational	Information contained in the Annual Accounts may cause damage to the Council's reputation.	L	Independent examination by senior staff and external auditors.

7. OUTCOMES

Local Outcome Improvement Plan Themes	
	Impact of Report
Prosperous Economy	The accounts for 2017/18 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.
Prosperous People	The accounts for 2017/18 provide details of income and expenditure incurred in the provision of services to the citizens of Aberdeen for the year.
Prosperous Place	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.
Enabling Technology	This report does not impact on technology

This report does not impact on the design principles of the Target Operating Model.

8. IMPACT ASSESSMENTS

Assessment	Outcome
Equality & Human Rights Impact Assessment	not required
Privacy Impact Assessment	not required
Duty of Due Regard / Fairer Scotland Duty	not applicable

9. BACKGROUND PAPERS

'Delivering Good Governance in Local Government, Guidance Note for Scottish Local Authorities (2016 Edition)' CIPFA & SOLACE, 2016;
Audited Annual Accounts 2017/18

10. APPENDICES

Appendix A - audited Annual Accounts 2017/18
Appendix B - Aberdeen City Council Registered Charities audited Annual Report and Accounts 2017/18

11. REPORT AUTHOR CONTACT DETAILS

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