

## ABERDEEN CITY COUNCIL

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<b>COMMITTEE</b>	Audit, Risk and Scrutiny
<b>DATE</b>	14 February 2019
<b>REPORT TITLE</b>	Annual Accounts 2018/19 – Action Plan and Key Dates
<b>REPORT NUMBER</b>	RES/19/166
<b>DIRECTOR</b>	Steven Whyte, Director of Resources
<b>CHIEF OFFICER</b>	Jonathan Belford, Chief Officer - Finance
<b>REPORT AUTHOR</b>	Lesley Fullerton
<b>TERMS OF REFERENCE</b>	1.3

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### **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 2018/19 Annual Accounts including linkages to the plans and timetables of the Council's External Auditors.

### **2. RECOMMENDATION(S)**

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

### **3. BACKGROUND**

- 3.1 The Annual Accounts 2018/19 will summarise the Council's transactions for the period, 1 April 2018 to 31 March 2019 and its financial position at the year-end 31 March 2019. 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 2018/19 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 the previous year. This means that the unaudited Annual Accounts will be ready for audit by 30 April 2019, and signed audited Annual Accounts by 21 June 2019.

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

31 March 2019	End of the financial year 2018/19
Jan – June 2019	Information from Group Entities (including ALEO's)
18 April 2019	Public Notice for the Public Inspection Period to be issued
7 May 2019	Signing of unaudited Annual Accounts by the Proper Officer
7 May 2019	Audit, Risk and Scrutiny Committee to consider the unaudited Annual Accounts
13 May – 3 June 2019	Public Inspection Period for the unaudited Annual Accounts
26 June 2019	Audit, Risk and Scrutiny Committee to consider and aim to approve the audited Annual Accounts for signature
26 June 2019	Signing of the audited Annual Accounts by the Proper Officer, Chief Executive and Council Leader.
28 June 2019	Statutory deadline for the Proper Officer to sign the unaudited Annual Accounts, submit to the Auditor and publish on the website
19 July 2019 (tbc)	Deadline for submission of the unaudited Whole of Government Accounts (WGA) to the Scottish Government
25 September 2019	Deadline for submission of the signed audited Annual Accounts to the Auditor
25 September 2019	Audit Risk & Scrutiny Committee to consider the Auditor's Annual Report
30 September 2019	Deadline for submission of the audited WGA to the Scottish Government
31 October 2019	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 2019	Deadline for submission of the audited Charitable Trust Annual Accounts to OSCR

3.3.1 31 March 2019

Transactions relating to goods and services received or provided by the Council by 31 March 2019 should be recorded in the 2018/19 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 2019 – June 2019

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 18 April 2019, 13 May 2019 – 3 June 2019

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 7 May 2019

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 2018/19, 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.

### 3.3.5 14 May 2019

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 26 June 2019

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 "ISA 260 Report to Members and the Controller of Audit on the 2018/19 audit" providing observations arising from the audit that are significant and relevant to their responsibility to oversee the financial reporting process for debate and consideration. This report sets out the auditor's responsibilities in relation to the financial audit including forming and expressing an opinion on the financial statements that have been prepared.

### 3.3.7 25 September 2019

The Audit, Risk & Scrutiny Committee will receive the external auditor's "Annual Report to Members and the Controller of Audit on the 2018/19 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.

### 3.3.8 31 October 2019

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 2019/20" 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

- 6.1 Consideration has been given to financial; employee; customer/citizen; environmental; technological; legal and reputational risk. No risk or impact was identified.

## 7. OUTCOMES

Local Outcome Improvement Plan Themes	
	Impact of Report
Prosperous Economy	There are no direct implications on the economy arising from the recommendations of this report
Prosperous People	A robust year end process and timetable assists budget holders in their role which in turn should enhance the staff experience
Prosperous Place	There are no direct implications on the environment arising from the recommendations of this report.
Enabling Technology	There are no direct implications on technology arising from this report.

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
Data Protection Impact Assessment	not required
Duty of Due Regard / Fairer Scotland Duty	not applicable

## 9. BACKGROUND PAPERS

- 9.1 None

## 10. REPORT AUTHOR CONTACT DETAILS

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