

ABERDEEN CITY COUNCIL

COMMITTEE	Audit Risk & Scrutiny Committee
DATE	27 September 2022
EXEMPT	No
CONFIDENTIAL	No
REPORT TITLE	Audited Annual Accounts 2021/22
REPORT NUMBER	RES/22/210
DIRECTOR	Steven Whyte
CHIEF OFFICER	Jonathan Belford
REPORT AUTHOR	Lesley Fullerton
TERMS OF REFERENCE	4.1

1. PURPOSE OF REPORT

- 1.1 The purpose of this report is to provide Elected Members with an overview of the Council's 2021/22 audited Annual Accounts.

2. RECOMMENDATION(S)

That the Committee:-

- 2.1 approve the Council's audited Annual Accounts for the financial year 2021/22 as presented, subject to the final amendments being agreed with external auditors as highlighted in their report, following consultation with the Chief Executive and five political group leaders; and
- 2.2 note that the presentation of the audited Annual Accounts 2020/21 for those registered charities where the Council is the sole trustee has been deferred until the next meeting of this committee on 15 December 2022.

3. CURRENT SITUATION

- 3.1.1 On 2 December 2021 the Audit Risk and Scrutiny Committee received and noted the contents of a report, "Annual Accounts 2021/22 – Action Plan" which provided high level information and key dates in relation to the production of the 2021/22 Annual Accounts.
- 3.1.2 The key dates were subsequently amended as a result of local council elections and revised dates were advised in the committee report presented to this committee on 30 June 2022. The dates contained within the above report were:

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Date(s)	Description
31-Mar-22	End of the financial year 2021/22
Jan – June 2022	Information from Group Entities (including ALEO's)
01-Jun-22	Public Notice for the Public Inspection period to be issued
30-Jun-22	Signing of unaudited Annual Accounts by the Proper Officer
30-Jun-22	Submission of Unaudited Annual Accounts to auditors
30 June- 21 July 22	Public Inspection Period for the unaudited Annual Accounts
30-Jun-22	unaudited financial statements and audit update paper on key risks will be presented to the Audit, Risk & Scrutiny Committee
30-Jun-22	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
27-Sep-22	Signing of the audited Annual Accounts by the Proper Officer, Chief Executive and Council Leader.
27-Sep-22	Audit, Risk and Scrutiny Committee to consider and aim to approve the audited Annual Accounts for signature
31-Oct-22	Statutory deadline for completion of audit (extended for 2022)
30-Nov-22	Statutory deadline for local authorities to approve Annual Accounts (for 2022 only)
15-Dec-22	Statutory deadline for the publication on the website of the signed Annual Accounts & Audit Certificate, related Auditor report and accounts of all subsidiary bodies (extended for 2022)
31-Dec-22	Deadline for submission of the audited Charitable Trust Annual Accounts to OSCR

3.1.3 On 30 June 2022 this Committee considered the unaudited Annual Accounts, and they were signed by the Chief Officer - Finance (as Proper Officer).

3.1.4 The unaudited Annual Accounts were available for public inspection for the period 30 June – 21 July 2022.

3.1.5 Having considered the reports from the External Auditor and taken into account their audit opinion (in a previous report on the agenda) the committee must now consider the audited Annual Accounts and approve them for signature.

3.1.6 The preparation of the Council's Annual Accounts 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.

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 International Financial Reporting Standards 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 City Growth and Resources Committee on 21 June 2022. That 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 2022.

3.2.3 KPMG, the Council's external auditors, have now completed their audit and the Committee will note their findings from the report, which was an earlier item on

this Committee's agenda. The auditor has indicated that it will provide the Council with an unqualified audit opinion, and this will be incorporated into the Annual Accounts document, attached as Appendix A before publication.

- 3.2.4 In addition to those adjustments identified by the audit, the Council undertook to incorporate changes that were identified as part of the annual valuation review for Property, Plant and Equipment and Investment Properties. This was to comply with accounting standards. Revised reports were received from the Council's valuers, and this resulted in a net increase of £26m to Property, Plant & Equipment, and a net decrease of £4m to Investment Properties. This did not affect the Council's Usable Reserves.
- 3.2.5 The group accounts have been amended to reflect all appropriate adjustments as well as any changes arising from the audit of other group entities.
- 3.2.6 These adjustments do not affect the overall financial position of the Council as reported to City Growth and Resources Committee on 21 June 2022.
- 3.2.8 The statutory deadline for local authority financial statements to be audited and submitted to the appropriate committee is normally 30 September, with this being extended to 30 November this year in response to the impact of the Covid-19 pandemic. The deadline for publication of the audited accounts is 15 December 2022.

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 audited Annual Accounts for the Council's Charitable Trusts will be presented to this Committee on 15 December 2022.

4. FINANCIAL IMPLICATIONS

- 4.1 There are no direct financial implications, not already referred to, 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.

5.2 There is a statutory requirement for the Council to produce the audited Annual Accounts for the Charitable Trusts within specific timescales and as per guidance produced by the Office of the Scottish Charity Regulator (OSCR).

6. ENVIRONMENTAL IMPLICATIONS

There are no direct environmental implications arising from the recommendations of this report.

7. RISK

Category	Risks	Primary Controls/Control Actions to achieve Target Risk Level	*Target Risk Level (L, M or H) *taking into account controls/control actions	*Does Target Risk Level Match Appetite Set?
Strategic Risk	None	n/a	n/a	n/a
Compliance	Risk of legislation not being followed	Staff working with external audit to ensure compliance with legislation	L	Yes
Operational	There is the risk that technological issues may prevent the Council from preparing the annual accounts	Staff working with IT ensuring that correct processes are in place to prevent technological disruption	L	Yes
Financial	There is a risk that the external audit reveals errors &/or adjustments	Officers discuss with auditors throughout the external audit process	L	Yes
Reputational	Information contained in the Annual Accounts may cause damage to the Council's reputation	Independent examination by senior staff and external auditors	L	Yes

Environment / Climate	None	n/a	n/a	n/a
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***Note – if there are inconsistencies between the target risk level and the risk appetite level set, please provide rationale for your proposals.**

8. OUTCOMES

<u>COUNCIL DELIVERY PLAN</u>	
	Impact of Report
Aberdeen City Council Policy Statement	The proposals within this report provide financial information which supports all services and programmes provided by the Council.
<u>Aberdeen City Local Outcome Improvement Plan</u>	
Prosperous Economy Stretch Outcomes	The annual accounts for 2020/21 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. The economy is exposed to external issues such as globalisation and higher prices, as well as macro-economic issues relating to energy prices that will have a proportionately higher direct impact on the local economy than elsewhere in Scotland and the United Kingdom.
Prosperous People Stretch Outcomes	The Accounts for 2020/21 provide details of income and expenditure incurred in the provision of services in Aberdeen City for the year.
Prosperous Place Stretch Outcomes	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.
Regional and City Strategies	The Council's Annual Accounts provides financial information which supports these strategies.

9. IMPACT ASSESSMENTS

Assessment	Outcome
Integrated Impact Assessment	Full impact assessment not required
Data Protection Impact Assessment	not required
Other	not required

10. BACKGROUND PAPERS

- 10.1 Delivering Good Governance in Local Government, Framework (2016 Edition)' CIPFA & SOLACE, 2016;
- 10.2 'Delivering Good Governance in Local Government, Guidance Note for Scottish Local Authorities (2016 Edition)' CIPFA & SOLACE, 2016;
- 10.3 Unaudited Annual Accounts 2021/22

11. APPENDICES

- 11.1 Appendix A – Aberdeen City Council Audited Annual Accounts 2021/22

12. REPORT AUTHOR CONTACT DETAILS

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