

ABERDEEN CITY COUNCIL

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| COMMITTEE | Audit, Risk and Scrutiny |
| DATE | 23 November 2023 |
| EXEMPT | No |
| CONFIDENTIAL | No |
| REPORT TITLE | Annual Accounts 2023/24 – Action Plan and Key Dates |
| REPORT NUMBER | RES/23/375 |
| DIRECTOR | Steven Whyte, Director of Resources |
| CHIEF OFFICER | Jonathan Belford, Chief Officer – Finance |
| REPORT AUTHOR | Lesley Fullerton, Finance Operations Manager |
| TERMS OF REFERENCE | 4.1 |

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 2023/24 Annual Accounts including linkages to the plans and timetables of the Council's External Auditors.

2. RECOMMENDATION(S)

2.1.1 It is recommended that committee notes the information in relation to the 2023/24 annual accounts process contained within the report.

2.1.2 It is recommended that a special meeting of this committee is held in May 2023 to align with the reporting of the unaudited Annual Accounts.

3. CURRENT SITUATION

3.1 The Annual Accounts 2023/24 will summarise the Council's transactions for the period, 1 April 2023 to 31 March 2024 and its financial position at the year-end 31 March 2024. 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 2023/24 that 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 previous years. This means that the unaudited Annual Accounts will be ready for audit by 30 April 2024 and the signed audited Annual Accounts by 30 June 2024.
- 3.3 There are a number of key dates within this process, and these are summarised as follows:

| Date(s) | Description |
|---------------------------|---|
| 31 March 2024 | End of the financial year 2023/24 |
| Jan – June 2024 | Information from Group Entities (including ALEO's) Best Value Thematic Report to be integrated into wider scope audit areas (Leadership of the Development of new Strategic Priorities) |
| 23 April 2024 | Public Notice for the Public Inspection Period to be issued |
| 08 May 2024 | Signing of unaudited Annual Accounts by the Proper Officer |
| 09 May 2024 (tbc) | Sign off by Audit, Risk and Scrutiny Committee (additional meeting required) Submission of the Annual Accounts to Auditors |
| 09 May 2024 – 30 May 2024 | Public Inspection Period for the unaudited Annual Accounts |
| 27 June 2024 | Audit, Risk and Scrutiny Committee to consider and aim to approve the audited Annual Accounts for signature |
| 27 June 2024 | Signing of the audited Annual Accounts by the Proper Officer, Chief Executive and Council Co-Leaders. |
| 30 June 2024 | 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 |
| 14 July 2024 (tbc) | Deadline for submission of the unaudited Whole of Government Accounts (WGA) to the Scottish Government |
| 30 September 2024 | Deadline for submission of the signed audited Annual Accounts to the Auditor |
| 30 September 2024 (tbc) | Deadline for submission of the audited WGA to the Scottish Government |
| 31 October 2024 | Statutory deadline for the publication on the website of the signed Annual Accounts & Audit Certificate, related Auditor report and accounts of all subsidiary bodies |
| 31 December 2024 | Deadline for submission of the audited Charitable Trust Annual Accounts to OSCR |

3.3.1 31 March 2024

Transactions relating to goods and services received or provided by the Council by 31 March 2024 should be recorded in the 2023/24 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 Council's intranet, and meetings between accounting staff and budget holders.

3.3.2 January 2024 – June 2024

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 23 April 2024, 9 May 2024 – 30 May 2024

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 8 & 9 May 2024

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 2023/24, 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 members of the committee 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 9 May 2024

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 30 June 2024

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 2023/24 audit" for debate and consideration. This report provides observations arising from the audit that are significant and relevant to their responsibility to oversee the financial reporting

process and sets out the auditor's responsibilities in relation to the financial audit, the auditor's findings and conclusions from all audit activity undertaken during the year. It 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.

The Annual Audit report includes the draft audit opinion on whether the accounts provide a 'true and fair view' of the Council finances and includes a review of 'going concern'. For 2019/20, 2020/21, 2021/22 and 2022/23 there was significant focus on this aspect of the audit due to Covid-19 impact and the effects of the war in the Ukraine, and this extended to the ALEO's.

3.3.7 14 July & 30 September 2024

The Whole of Government Accounts (WGA) Returns are prepared based on the draft and final annual accounts, and form part of the external audit. There was a delay in the WGA Returns being issued for the 2020/21, 2021/22 and 2022/23 Annual Accounts due to amended deadlines because of the Covid pandemic. Therefore, there is the possibility that these deadlines may be extended for 2024 also.

3.3.8 31 October 2024

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.

3.4.1 The Council's external auditors, Audit Scotland, commenced their contract with effect from 2022-23. As a result of delays in their previous years audits, Audit Scotland started the Council audit later than planned and there was limited engagement in advance to agree the audit timescales and workplan. This meant that Audit Scotland were not fully aware of the processes the Council used to achieve its early close of the Annual Accounts, however there was an acknowledgement that as far as practicable the early close dates were being targeted. The audited Annual Accounts were not approved at a meeting of this Committee in June 2023, and were delayed until 15 August 2023.

3.4.2 This is the second year of Audit Scotland's 5-year contract. Accounting staff are in the process of agreeing timelines with Audit Scotland, however at this stage Audit Scotland has not confirmed that they will work to the early close deadlines.

3.4.3 The dates provided above are based on our achieving an audited set of Accounts by the end of June. This is consistent with the Council's early close deadlines that have been in place for several years. Some of these dates, therefore, may be subject to change.

3.4.4 Audit Scotland have this year introduced a new approach to best value reporting, which Committee were informed of in March 2023. The intention was to embed best value auditing in the annual audit process, presenting a thematic

report each year alongside the annual audit report, as well as a report every 5 years summarising the best value thematic reports over the period. The first of these reports is due to be presented to the committee in February 2024, slightly later than planned.

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. ENVIRONMENTAL IMPLICATIONS

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

| 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 | No risks identified | n/a | n/a | n/a |
| Compliance | No risks identified | n/a | n/a | n/a |

| | | | | |
|------------------------------|---------------------|-----|-----|-----|
| Operational | No risks identified | n/a | n/a | n/a |
| Financial | No risks identified | n/a | n/a | n/a |
| Reputational | No risks identified | n/a | n/a | n/a |
| Environment / Climate | No risks identified | n/a | n/a | n/a |

7. RISK

| <u>COUNCIL DELIVERY PLAN</u> | |
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| | Impact of Report |
| Aberdeen City Council Policy Statement | Annual Accounts is an enabler for the delivery of the outcomes and external audits ensure that the Council's stewardship and financial management are robust. |
| Aberdeen City Local Outcome Improvement Plan | |
| Prosperous Economy Stretch Outcomes | There are no direct implications on the economy arising from the recommendations of this report. |
| Prosperous People Stretch Outcomes | A robust year end process and timetable assists budget holders in their role which in turn should enhance the staff experience. |
| Prosperous Place Stretch Outcomes | There are no direct implications on the environment arising from the recommendations of this report. |
| Regional and City Strategies | There are no direct implications on the economy arising from the recommendations of this report. |
| UK and Scottish Legislative and Policy Programmes | The report sets out the key dates for the Annual Accounts 2023/24, which fulfils the requirements placed upon the Council by The Local Authority Accounts (Scotland) Regulations 2014. |

8. IMPACT ASSESSMENTS

| Assessment | Outcome |
|--|---|
| Impact Assessment | It is confirmed by Chief Officer- Finance that no Integrated Impact Assessment is required. |
| Data Protection Impact Assessment | Not required |

9. BACKGROUND PAPERS

9.1 None

10. REPORT AUTHOR CONTACT DETAILS

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