

ANGUS COUNCIL

SCRUTINY AND AUDIT COMMITTEE – 23 AUGUST 2016

2015/16 UNAUDITED ANNUAL ACCOUNTS

REPORT BY IAN LORIMER, HEAD OF CORPORATE IMPROVEMENT AND FINANCE

ABSTRACT

The Council's 2015/16 unaudited Annual Accounts and ESEC 2015/16 unaudited Annual Accounts are submitted under cover of this report. As required by law the draft annual accounts have been submitted to the Controller of Audit for audit purposes. Members are now asked to note both sets of annual accounts, scrutinise them and provide appropriate commentary.

1. RECOMMENDATIONS

It is recommended that the Committee:

- (i) note the Angus Council 2015/16 Unaudited Annual Accounts available at:
http://www.angus.gov.uk/downloads/file/2434/angus_council_annual_accounts_201516_unaudited
- (ii) provide any commentary on the Angus Council Unaudited Annual Accounts considered appropriate at this time;
- (iii) note the ESEC 2015/16 Unaudited Annual Accounts available at:
http://www.angus.gov.uk/downloads/file/2436/east_of_scotland_european_consortium_accounts_201516_unaudited
- (iv) provide any commentary on the ESEC Unaudited Annual Accounts considered appropriate at this time; and
- (v) note that under the new legislation the ISA 260 report previously received from the Council's external auditor will now form part of the Annual Report to Members which will, on its completion, be reported to this Committee prior to the annual accounts being approved by this committee.

2. ALIGNMENT TO ANGUS COMMUNITY PLAN / SINGLE OUTCOME AGREEMENT

- 2.1 This report contributes as a whole to the local outcome(s) contained within the Angus Community Plan and Single Outcome Agreement 2013-2016.

3. BACKGROUND

The Council is required by law to prepare Annual Accounts which set out its financial position at the end of each financial year. The Annual Accounts have been prepared by the Head of Corporate Improvement and Finance and his team on a draft basis and were submitted to the Controller of Audit for audit purposes in accordance with the statutory deadline of 30 June 2016. As per committee report 248/16 and in line with the Committee's remit members now have the opportunity to undertake a detailed review of the Annual Accounts and provide any commentary / seek clarification. The Angus Council Unaudited Annual Accounts are for committee's review and comment, and can be obtained from the annual report and accounts download area on the Council's website:-

http://www.angus.gov.uk/downloads/file/2434/angus_council_annual_accounts_201516_unaudited

At the ESEC Board meeting of 20 March 2015 the Board was advised of the requirement for producing their Annual Accounts under the Local Authority Accounts (Scotland) Regulations 2014, which came into force on 10 October 2014. This has presented some challenges to the accounts preparation process in particular in relation to the scrutiny of the unaudited accounts. Therefore, at the Board meeting it was agreed, that due to the geographical spread of Members and that the Board is made up of nominees from several different local authorities, to delegate the Board's responsibilities for scrutiny of the unaudited accounts to the host authority's Scrutiny and Audit Committee which performs the same function for the Angus Council Accounts. ESEC Unaudited Annual Accounts are for committee's review and comment and can be obtained from:-

http://www.angus.gov.uk/downloads/file/2436/east_of_scotland_european_consortium_accounts_201516_unaudited

4. CURRENT POSITION

As noted the Annual Accounts for both organisations are prepared on a draft basis and are submitted to an External Auditor appointed by the Controller of Audit for independent review within the statutory timeframe. Audit Scotland was appointed as Angus Council and ESEC's external auditor for the five year period beginning 2011/12.

The audit process recognises that the auditor should communicate clearly and directly with those charged with the financial governance of the organisation and make timely observations arising from the audit that are significant and relevant. This information is formally documented and communicated by the International Standard on Auditing 260 (ISA 260) Report.

The ISA 260 Report for Angus Council will not be available until the audit work is complete. This will occur in September 2016 enabling the audit certificate to be issued. The findings from the audit work and ISA 260 Report for Angus Council will be incorporated into the Annual Report to Members this year as a result of a change in legislation and this will be submitted to the Scrutiny and Audit Committee meeting on 27 September 2016. This report will also be presented to Angus Council on 20 October 2016.

The ESEC audited Accounts and associated annual report incorporating the ISA 260 report will be presented to the ESEC board on 23 September 2016 to fulfil its role in authorising the audited accounts for signature thus concluding the ESEC annual accounts process for the year.

5. FINANCIAL IMPLICATIONS

There are no financial implications arising from this report.

NOTE: No background papers, as detailed by Section 50D of the Local Government (Scotland) Act 1973 (other than any containing confidential or exempt information) were relied on to a material extent in preparing the above report.

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