

ANGUS COUNCIL

SCRUTINY & AUDIT COMMITTEE - 29 SEPTEMBER 2015
ANGUS COUNCIL – 22 OCTOBER 2015

ANGUS COUNCIL ANNUAL ACCOUNTS 2014/15 AND ANNUAL AUDIT REPORT TO MEMBERS

REPORT BY CHIEF EXECUTIVE, STRATEGIC DIRECTOR – RESOURCES AND THE HEAD OF
CORPORATE IMPROVEMENT AND FINANCE

ABSTRACT:

This report covers Audit Scotland's Annual Audit Report to Members on the 2014/15 Audit of Angus Council, Strangs Mortification and Angus Council Charitable Trust and asks Members of the Scrutiny & Audit Committee to approve the 2014/15 Audited Annual Accounts of Angus Council for signature. The report also advises members of the intention to publish a summarised version of the accounts. The unaudited Annual Accounts of Angus Council were scrutinised by the Scrutiny and Audit Committee on 25 August 2015, Report 317/15 refers.

1 RECOMMENDATION

It is recommended that the Scrutiny & Audit Committee:-

- (i) scrutinise the content of Audit Scotland's Annual Audit Report to Members (**Appendices 1A and 1B**) and provide any commentary considered appropriate at this time; and
- (ii) approve the 2014/15 Audited Annual Accounts of Angus Council for signature in accordance with the Local Authority Accounts (Scotland) Regulations 2014 (**Appendix 2**).

It is recommended that the Council:-

- (i) consider the content of Audit Scotland's Annual Audit Report to Members (**Appendices 1A and 1B**);
- (ii) note the 2014/15 audited Annual Accounts for Angus Council;
- (iii) note that a summarised version of the 2014/15 Annual Accounts of Angus Council will be published electronically; and
- (iv) note the Councillor attendance information provided in **Appendix 3** and agree that from 2015/16 onwards attendance information be published alongside the Annual Report on members salaries & expenses.

2 BACKGROUND

General

The 2014/15 accounts have been prepared to be compliant with the Local Authority Accounting Code of Practice. The code is based on International Financial Reporting Standards (IFRS) which has added significant additional complexity and workload requirements to the final accounts process and in turn has increased the pressures placed on Council officers to deliver the annual accounts within the prescribed timescales. The 2014/15 annual accounts required minimal changes in the compliance requirements.

3 AUDIT PROCESS

- 3.1 The Council is required by law to prepare a set of Annual Accounts (the Accounts) which set out its financial position at the end of each financial year. These Accounts are prepared by the Head of Corporate Improvement and Finance and his team on a draft basis and are

subsequently submitted to an External Auditor appointed by the Controller of Audit for independent review.

3.2 The Council's unaudited Annual Accounts for financial year 2014/15 were submitted to the Controller of Audit for audit by the council's appointed external auditors in accordance with the statutory deadline of 30 June 2015. Audit Scotland were appointed for the five year period beginning 2011/12 as the external auditors of Angus Council. The 2014/15 annual accounts represented Audit Scotland's fourth audit as part of this appointment.

3.3 Through their external audit role Audit Scotland:-

- provide an opinion on the annual accounts in accordance with relevant legal and regulatory requirements and international standards on Auditing (UK and Ireland) as required by the Code of Audit Practice approved by the Accounts Commission;
- review and report on the Council and its group corporate governance arrangements in relation to systems of internal control, the prevention and detection of fraud and irregularity, standards of conduct, prevention and detection of corruption, and the Council's financial position;
- review and report on the Council in relation to best value, use of resources and performance information.

4 REPORT TO MEMBERS AND THE CONTROLLER OF AUDIT

4.1 Each year the external auditor is required to provide a formal report to the elected members of the Council and the Controller of Audit on the audit of the Council for the latest financial year. The Auditor's Report for the 2014/15 financial year is attached as Appendices 1A and 1B to this report and covers each of the areas identified in paragraph 3.3 which are relevant to the auditor's role. The Auditor's report is a key document which informs members of significant matters affecting the Council's financial arrangements, governance and performance.

4.2 The Auditor's report is self explanatory and has been the subject of review and discussion with relevant senior officers prior to being finalised. The report is a positive one and it recognises the progress made by the Council on a number of fronts and the Council's compliance with relevant accounting and governance standards. Although there are no major areas of concern the report does highlight some significant risks that will need to be managed by the Council including those associated with the funding environment which is subject to sustained pressure to deliver more with less.

4.3 The Auditor's report identifies 2 actions which are already being worked upon and these will be addressed as shown in the action plan.

4.4 The External Auditors will be in attendance at the Scrutiny & Audit Committee to present their report and allow members to ask any specific questions on the content of their report.

5 2014/15 ANNUAL ACCOUNTS (INCLUDING AUDIT CERTIFICATE)

5.1 The Council achieved the statutory deadline for the submission of its draft accounts for audit (30 June 2015). The statements were prepared in accordance with the Local Authority Accounting Code of Practice. **The audit will be completed with the issue of an unqualified audit opinion on 29 September 2015 subject to the Scrutiny & Audit Committee approving the Accounts for signature.** A copy of the 2014/15 Audited Annual Accounts are attached separately at **Appendix 2**.

5.2 Members of the Scrutiny & Audit Committee are asked to review the 2014/15 Audited Annual Accounts and the proposed Audit Certificate which has no qualifications and authorise that the Accounts be signed off in accordance with the Local Authority Accounts (Scotland) Regulations 2014. The unqualified audit certificate means that the auditor is satisfied that the Council has operated a satisfactory standard of financial stewardship and corporate governance during 2014/15.

- 5.3 Although they are compliant with law and applicable standards, the Council's Accounts are complex and detailed and do not therefore lend themselves to review by most local citizens. In order, therefore, to present information on the financial performance of the council in a more straight forward format a summarised version of the accounts will be published. Once finalised the summarised accounts will be placed on the Council's website.
- 5.4 The total General Fund balance at 31 March 2015 for the Council is £27.758 million. £23.626 million of this sum is in relation to General Fund balances, £3.563 million for Housing Revenue Account and £0.569 million of other earmarked funds.
- 5.5 The General Fund balance of £23.626 million includes total commitments of £22.621 million e.g. DSM, contingency balance, budget carry forwards, earmarked resources, etc. This leaves an uncommitted General Fund balance at 31 March 2015 of £1.005 million.

6 COUNCILLOR ATTENDANCE INFORMATION

- 6.1 In reviewing the Council's arrangements in this area from a best practice and good governance perspective it has been identified that Angus does not publish information on Councillor attendance at Committee and Council meetings on its website. FOI requests for this information arise from time to time. Attendance information used to be published alongside the annual report on Councillor allowances but that practice was discontinued several years ago.
- 6.2 Attached as Appendix 3 are details of attendances by Angus Councillors for the 2014/15 financial year taken from the minutes of the meetings. This reflects only the formal Committee meetings attended so doesn't cover the wide variety of other meetings and activities which member attend such as member/officer working groups, meetings of outside bodies, etc. Members are asked to note the information in Appendix 3 and agree that from 2015/16 onwards attendance information be published alongside the Annual Report on members salaries & expenses to reflect good practice.

7 ACKNOWLEDGEMENT

- 7.1 The Council is asked to formally record its appreciation of the expeditious manner in which the 2014/15 audit was conducted by the External Auditors. The support and assistance provided by staff throughout the council in the successful delivery of an unqualified Audit Certificate is also gratefully acknowledged.

8 FINANCIAL IMPLICATIONS

- 8.1 The cost of producing the Annual Accounts and summarised Annual Accounts is estimated to be £600. This cost can be contained in the 2015/16 Other Services revenue budget held for this purpose.

NOTE

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

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List of Appendices:

Appendix 1A and 1B – Audit Scotland's Annual Report on the 2014/15 Audit
Appendix 2 – 2014/15 Audited Annual Accounts of Angus Council
Appendix 3 – Councillor Attendance Information