

**ANGUS COUNCIL**

**SCRUTINY AND AUDIT COMMITTEE – 22 AUGUST 2017**

**2016/17 UNAUDITED ANNUAL ACCOUNTS**

**REPORT BY IAN LORIMER, HEAD OF CORPORATE FINANCE**

**ABSTRACT**

The Council's 2016/17 unaudited Annual Accounts and ESEC 2016/17 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 2016/17 Unaudited Annual Accounts available at:  
[http://www.angus.gov.uk/sites/angus-cms/files/2017-06/Annual%20Accounts%20Statements%20Unaudited%20DRAFT%2030-06-17%20Unsigned%20small\\_0.pdf](http://www.angus.gov.uk/sites/angus-cms/files/2017-06/Annual%20Accounts%20Statements%20Unaudited%20DRAFT%2030-06-17%20Unsigned%20small_0.pdf)
- (ii) provide any commentary on the Angus Council Unaudited Annual Accounts considered appropriate at this time;
- (iii) note the ESEC 2016/17 Unaudited Annual Accounts available at:  
[http://www.angus.gov.uk/sites/angus-cms/files/2017-06/ESEC%202016-17%20Unaudited%20Annual%20Accounts%20Unsigned\\_4.pdf](http://www.angus.gov.uk/sites/angus-cms/files/2017-06/ESEC%202016-17%20Unaudited%20Annual%20Accounts%20Unsigned_4.pdf)
- (iv) provide any commentary on the ESEC Unaudited Annual Accounts considered appropriate at this time.

**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 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 2017. Committee report 234/17 provided a commentary on the revenue and capital financial outturn for the Council for 2016/17. 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 Council's website at the link below-

[http://www.angus.gov.uk/sites/angus-cms/files/2017-06/Annual%20Accounts%20Statements%20Unaudited%20DRAFT%2030-06-17%20Unsigned%20small\\_0.pdf](http://www.angus.gov.uk/sites/angus-cms/files/2017-06/Annual%20Accounts%20Statements%20Unaudited%20DRAFT%2030-06-17%20Unsigned%20small_0.pdf)

Appendix 1 includes a summary of the Council's financial performance for the year which is an extract from the management commentary within the accounts. It should be noted that £33k of the £334k uncommitted General Fund balance at 31 March 2017 has subsequently been committed as a result of the financial implications of the deferral of the changes to recycling centres.

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 the link below:-

[http://www.angus.gov.uk/sites/angus-cms/files/2017-06/ESEC%202016-17%20Unaudited%20Annual%20Accounts%20Unsigned\\_4.pdf](http://www.angus.gov.uk/sites/angus-cms/files/2017-06/ESEC%202016-17%20Unaudited%20Annual%20Accounts%20Unsigned_4.pdf)

In summary, ESEC commenced the year with reserves of £82k. During the year there were contributions from members of £54k compared with expenditure of £69k, resulting in a deficit of £15k. As a result, ESEC concluded the year with reserves of £67k.

#### **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. For the five year period commencing with audit of the 2016/17 accounts, Audit Scotland have been appointed as Angus Council external auditor and KPMG LLP (UK) have been appointed as ESEC's external auditor.

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 2017 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 26 September 2017. This report will also be presented to Angus Council on 19 October 2017.

The ESEC audited Accounts and associated annual report incorporating the ISA 260 report will be presented to the ESEC board at the end of October 2017 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. However it should be noted that there was a £582k reduction in the favourable movement on the final revenue budget outturn, report 234/17 refers. This was due to the removal of the reported Adult Services, Integrated Joint Board underspend as this had to be accounted for as a creditor in the balance sheet as per the relevant accounting guidance. It should also be noted that this did not have an impact on the balance on the general fund.

**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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List of Appendices:  
Appendix 1 – Financial Performance in 2016/17