

ANGUS COUNCIL

SCRUTINY & AUDIT COMMITTEE - 25 SEPTEMBER 2018
ANGUS COUNCIL – 18 OCTOBER 2018

ANGUS COUNCIL ANNUAL ACCOUNTS 2017/18 AND ANNUAL AUDIT REPORT TO MEMBERS

REPORT BY CHIEF EXECUTIVE, STRATEGIC DIRECTOR – PLACE AND THE HEAD OF
FINANCE & LEGAL

ABSTRACT:

This report covers Audit Scotland's Annual Audit Report to Members on the 2017/18 Audit of Angus Council, Strangs Mortification and Angus Council Charitable Trust and asks Members of the Scrutiny & Audit Committee to approve the 2017/18 Audited Annual Accounts of Angus Council for signature. The unaudited Annual Accounts of Angus Council were scrutinised by the Scrutiny and Audit Committee on 21 August 2018, Report 247/18 refers.

1 RECOMMENDATION

It is recommended that the Scrutiny & Audit Committee:-

- (i) scrutinise the content of Audit Scotland's Annual Audit Report to Members attached at **Appendices 1A & 1B** and provide any commentary considered appropriate at this time;
- (ii) approve the 2017/18 Audited Annual Accounts of Angus Council for signature in accordance with the Local Authority Accounts (Scotland) Regulations 2014 found at the link below in section 6.1
- (iii) note the summary of the main movements within the Audited Annual Accounts attached at Appendix 2.

It is recommended that the Council:-

- (i) consider the content of Audit Scotland's Annual Audit Report to Members attached at **Appendices 1A & 1B**.

2 BACKGROUND

Angus Council is responsible for preparing the annual report and accounts that show a true and fair view in accordance with the Local Authority Accounts (Scotland) Regulations 2014. It is also responsible for establishing effective governance arrangements and ensuring financial management is effective.

The 2017/18 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.

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 Finance & Legal 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 2017/18 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 2018. Audit Scotland were re-appointed for the five year period beginning 2016/17 to 2020/21 as the external auditors of Angus Council. The 2017/18 annual accounts represented the second year of this five year 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 financial management arrangements, financial sustainability, governance transparency and value for money.

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 and a covering letter for the 2017/18 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 (Appendix 1B) is a key document which informs members of significant matters affecting the Council's financial arrangements, governance and performance.

5 REPORT TO MEMBERS AND THE CONTROLLER OF AUDIT

5.1 The Auditor's report is self explanatory and has been the subject of review and discussion with relevant senior officers prior to being finalised.

5.2 The Auditor's report identifies number of actions and work is in hand to address these as shown in the action plan at the end of the Auditor's report.

5.3 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.

6 2017/18 ANNUAL ACCOUNTS (INCLUDING AUDIT CERTIFICATE)

6.1 The Council achieved the statutory deadline for the submission of its draft accounts for audit (30 June 2018). 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 25 September 2018 subject to the Scrutiny & Audit Committee approving the Accounts for signature.** A copy of the 2017/18 Audited Annual Accounts are available at the link below:-

<http://www.angus.gov.uk/sites/angus-cms/files/2018-10/Angus%20Council%20Annual%20Accounts%20201718%20-%20Audited.pdf>

6.2 The unaudited statements presented to Scrutiny & Audit on the 21 August have been amended for a number of audit adjustments and details of the main movements are set out in Appendix 2 to this report.

6.3 Members of the Scrutiny & Audit Committee are asked to review the 2017/18 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's Accounts provide a true and fair view of the Council's financial position and has operated a satisfactory standard of financial stewardship and corporate governance during 2017/18.

6.3 In scrutinising the Accounts members may wish to review the Management Commentary in the accounts which provides a summary of the Council's financial position and outlook. This shows that the total General Fund balance at 31 March 2018 for the Council is £31.479 million. Some £26.601 million of this sum is in relation to General Fund balances, £4.285 million for Housing Revenue Account and £0.593 million of other earmarked funds.

6.4 The General Fund balance of £26.601 million includes total commitments of £23.997 million e.g. DSM, contingency balance, budget carry forwards, earmarked resources, etc. This leaves an uncommitted General Fund balance at 31 March 2018 of £2.604 million.

7 ACKNOWLEDGEMENT

7.1 The Council is asked to formally record its appreciation of the expeditious manner in which the 2017/18 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 There are no financial implications arising from this report.

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 & 1B - Audit Scotland's Annual Report on the 2017/18 Audit
Appendix 2 – Annual Accounts 2017/18 - Summary of Main Movements