

**ANGUS COUNCIL**

**SCRUTINY AND AUDIT COMMITTEE – 25 AUGUST 2020**

**2019/20 UNAUDITED ANNUAL ACCOUNTS**

**REPORT BY IAN LORIMER, DIRECTOR OF FINANCE**

**ABSTRACT**

The Council's 2019/20 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 the set of annual accounts, scrutinise them and provide appropriate commentary.

**1. RECOMMENDATIONS**

1.1 It is recommended that the Committee:

- (i) note the Angus Council 2019/20 Unaudited Annual Accounts available at:

[https://www.angus.gov.uk/media/angus\\_council\\_annual\\_accounts\\_2019\\_20\\_unaudited\\_pdf](https://www.angus.gov.uk/media/angus_council_annual_accounts_2019_20_unaudited_pdf)

- (ii) provide any commentary on the Angus Council 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 Council Plan/Local Outcome Improvement Plan.

**3. BACKGROUND**

3.1 The Council is required by law to prepare Annual Accounts which set out its financial position at the end of each financial year. The Council is legally obliged to complete the draft Accounts and submit them by 30 June to Audit Scotland. The publication of Local Government Finance Circular 10/2020 (Local Authority Accounts 2019/20 – COVID-19) provided the flexibility to Local Authorities to extend this deadline, and others, this year. The Annual Accounts have been prepared by the Director of Finance and his team on a draft basis and were submitted to the Controller of Audit for audit purposes in accordance with the normal statutory deadline of 30 June 2020. Committee report xxx/20 provided a commentary on the revenue and capital financial outturn for the Council for 2019/20. In line with the Committee's remit members now have the opportunity to undertake a detailed review of the Unaudited Annual Accounts and provide any commentary / seek clarification and can be obtained from the Council's website at the link below-

[https://www.angus.gov.uk/media/angus\\_council\\_annual\\_accounts\\_2019\\_20\\_unaudited\\_pdf](https://www.angus.gov.uk/media/angus_council_annual_accounts_2019_20_unaudited_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.

**4. CURRENT POSITION**

4.1 The Annual Accounts are prepared on a draft basis and submitted to an External Auditor appointed by the Controller of Audit for independent review within the statutory timeframe. However, as noted above the publication of the Local Government Finance Circular 10/2020 (Local Authority Accounts 2019/20 – COVID-19) has provided flexibility on the audit timeframe also. The statutory date for signing off the annual accounts is the 30 September with publication on website no later than the 31 October, Under the new finance circular the

audit sign off date of 30 September is an 'aim' and the regulations therefore anticipate that there may be occasion when events prevent that aim being achieved. The publication deadline has been extended to 31<sup>st</sup> December 2020. External audit have confirmed that they cannot guarantee completing their audit by the prescribed timescale of 30 September due to the impact that COVID-19 is having on their resources and the impact that remote working can have on audit tasks.

For the five year period commencing with audit of the 2016/17 accounts, Audit Scotland have been appointed as Angus Council external auditor. We have been notified of an intended extension of this appointment, in light of COVID-19, which would take us through to 2021/22 audits and this will be confirmed by the Auditor General and the Commission in the Autumn of 2020.

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 is anticipated to be into October 2020 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, which seeks approval of the audited annual accounts. Discussions are ongoing with External Audit about the timeframe for them to conclude their review work and it is currently anticipated that this will be submitted to Angus Council on the 5 November 2020. This report will also be presented to Scrutiny & Audit Committee on the 1 December 2020.

## **5. FINANCIAL IMPLICATIONS**

5.1 There are no new financial implications arising from the recommendations in this report. The Committee's attention is, however, drawn to a change in the final unaudited financial position which arose subsequent to the production of the unaudited annual accounts. This change arose after officers undertook a review of the 100% carry forwards that were submitted as part of the annual accounts process. This review confirmed that the 100% carry forward total of £3.043 million submitted could be reduced by £0.378 million to £2.665 million. The unaudited annual accounts reported an uncommitted general fund balance of £0.877 million but this can now be amended to £1.255 million, an increase of £0.378 million. It should be noted that this may not be the final position and may change on completion of the audit process.

5.2 A summary of the revised updated financial position is attached at Appendix 1.

**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.

**REPORT AUTHOR: GILLIAN WOODCOCK**

**EMAIL DETAILS: [FINANCE@angus.gov.uk](mailto:FINANCE@angus.gov.uk)**

List of Appendices:-

Appendix 1 – Financial Performance in 2019/20