

REPORT TO AUDIT COMMITTEE – 21 SEPTEMBER 2017

ANNUAL ACCOUNTS 2016/17 FOR ABERDEENSHIRE COUNCIL

1 Recommendations

The Committee is recommended to:

- 1.1 Note the unmodified audit certificate for Aberdeenshire Council for 2016/17;
- 1.2 Consider the audited Annual Accounts 2016/17 for Aberdeenshire Council and approve them for signature; and
- 1.3 Approve the detailed action plan contained within the external auditor's report and agree that a report on the progress towards achieving the actions is presented to the Audit Committee on 21 March 2018.

2 Background

- 2.1 The Annual Accounts document for the Council is prepared in accordance with the Code of Practice for Local Authority Accounting in the UK based on International Financial Reporting Standards (IFRS). This comprehensive document comprises a Management Commentary, a Remuneration Report, a Statement of Responsibilities, an Annual Governance Statement, an audit certificate from the external auditor, a number of prescribed statements and accompanying narrative disclosures.
- 2.2 Aberdeenshire Council's audit certificate is unmodified which provides assurance that the financial statements give a true and fair view of the financial position of Aberdeenshire Council at 31 March 2017.
- 2.3 A number of amendments have been made to the document through the audit process. These are largely presentational changes and enhancement of the narrative. In addition, some of the figures have been amended, but there is no impact on the Council's deficit for the year. A schedule of unadjusted errors has been included in the external auditor's report.
- 2.4 It is a requirement of the Local Authority Accounts (Scotland) Regulations 2014 (the 2014 Regulations) that the audited Annual Accounts shall be made available on the Council's website for a period of at least five years and make copies available for purchase to interested parties at a reasonable charge. This charge is currently set at £10 and it is proposed that no alteration be made to this charge for printed copies of the Accounts. The Annual Accounts can be downloaded free of charge from the Council's website (<http://publications.aberdeenshire.gov.uk/dataset/annual-accounts>).

- 2.5 During the course of the audit, the auditors raised relevant matters with officers. Issues raised are included within the external auditor's report which is a separate report on this agenda. The report contains a detailed action plan, which has been considered by officers and their response has been included. The actions will be monitored by officers and a report on the progress towards achieving the actions will be presented to the Audit Committee on 21 March 2018. The issues raised should be seen against a background of a generally very positive report.
- 2.6 In accordance with the 2014 Regulations, the Council or a committee of the Council whose remit includes audit or governance functions must aim to approve the accounts for signature no later than 30 September immediately following the financial year to which the accounts relate. It is recommended that the Committee considers the Annual Accounts 2016/17 and approves them for signature. Following this approval, the appropriate certificates will be signed by the Leader, the Chief Executive and the Head of Finance. The audit certificate will also be signed subsequently by Audit Scotland.
- 2.7 The monitoring officer has been consulted in the preparation of this report and had no comments to make and is satisfied that the report complies with the Scheme of Governance and relevant legislation.

3 Scheme of Governance

- 3.1 The Committee is able to consider and take a decision on this item in terms of Section G.1.3 of the List of Committee Powers in Part 2A of the Scheme of Governance as it relates to a review of the financial statements, management letters or reports and compliance with relevant codes of practice.

4 Implications and Risk

- 4.1 An Equalities Impact Assessment is not required as the actions do not have a differential impact on people with protected characteristics.
- 4.2 There are no changes to the Council's usable reserves following the audit. The recommendations from the external auditor will enhance the internal controls and reporting arrangements within the Council. The production of the Annual Accounts, the accounts of the Charitable Trusts and the external audit process requires considerable staff involvement and commitment to meet the tight deadlines involved.
- 4.3 There are no staffing implications.

- 4.4 The following Risk has been identified as relevant to this matter on a Corporate Level: Budget Pressures ([Corporate Risk Register](#)). The following Risk has been identified as relevant to this matter on a Strategic Level: Balancing the Books ([Directorate Risk Registers](#)). Actions being taken to mitigate these risks are set out in the responses to the external auditor's action plan which accompanies this report.

Ritchie Johnson

Director of Business Services

Report prepared by Ross Brennan, Chief Accountant
11 September 2017