

## REPORT TO AUDIT COMMITTEE – 20 SEPTEMBER 2018

### AUDITED ANNUAL ACCOUNTS 2017/18 FOR ABERDEENSHIRE COUNCIL AND ITS CHARITABLE TRUSTS

#### 1 Recommendations

The Committee is recommended to:

- 1.1 Consider the unmodified audit certificate for 2017/18;
- 1.2 Consider the Audited Annual Accounts 2017/18 for Aberdeenshire Council and approve them for signature; and
- 1.3 Consider the accounts for the Council's Charitable Trusts for 2017/18 and recommend them to the Trustees for signature; and
- 1.4 Approve the detailed action plan contained within the Independent Auditor's Report and agree that a report on progress towards achieving the actions is presented to Audit Committee on 20 March 2019.

#### 2 Discussion

- 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 Independent 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 2018. The audited Annual Accounts will be made available on the Council's website: <http://www.aberdeenshire.gov.uk/council-and-democracy/about-us/annual-accounts/> after Committee has considered the Accounts.
- 2.3 The audit certificate for the Council's Charitable Trusts is unmodified, which provides assurance that the financial statements give a true and fair view of the financial position of the Council's Charitable Trusts at 31 March 2018. The audited accounts of the Charitable Trusts will be made available on the Council's website: <http://www.aberdeenshire.gov.uk/council-and-democracy/about-us/annual-accounts/> after Committee has considered the accounts for the Charitable Trusts.
- 2.4 A number of amendments have been made to the document through the audit process, the majority of which were presentational.
- 2.5 In addition there have been numerical changes either resulting from an error, a change in accounting treatment or as a result of new information that

became available that had a material bearing on the accounts. The numerical changes listed in the Table below have resulted in adjustments to the Comprehensive Income and Expenditure Statement (CIES) and the Balance Sheet:

Value £'000	Reason for Amendment
43,748	The Actuaries, who determine the pension asset/liability to be included in the financial statements submitted revised information on 30 August 2018 because the asset values in respect of Aberdeenshire Council had improved by £43.748 million. This is a material figure and the accounts have been amended to reflect the improved position.
3,985	The accounting treatment for reporting ring-fenced council tax income from second homes was changed in 2017/18. Any balance at 31 March was previously carried as a creditor in the Annual Accounts. This income is now being recognised in the year it was collected and transferred to an Earmarked Reserve. In the unaudited accounts the change in accounting treatment was only applied to 2017/18. Discussions during the audit process resulted in a re-statement of 2016/17.
686	During the audit it was identified that the income and expenditure in respect of Education and Children's Services had been understated because they had been netted off against one another on the respective budget lines. The accounts were amended accordingly.
257	The carbon reduction commitment which was initially treated as a carry forward has now been transferred to intangible assets.

- 2.6 The **Appendix** to this Report shows the movement between the unaudited and audited accounts in respect of the CIES and the Balance Sheet as a result of the above changes. A schedule of unadjusted errors has been included in the Independent Auditor's report.
- 2.7 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://www.aberdeenshire.gov.uk/council-and-democracy/about-us/annual-accounts/>.
- 2.8 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.
- 2.9 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 2017/18 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.

- 2.10 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 direct financial or staffing implications arising from this report.
- 4.3 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](#)).

**Ritchie Johnson**  
**Director of Business Services**

Report prepared by Susan Donald, Accountancy Finance Manager  
7 September 2018



**APPENDIX**

**Reconciliation of Unaudited Accounts to Final Audited Accounts - CIES**

	£'000	
<b>Net Cost of Services per draft accounts</b>		<b>(105,352)</b>
<u>Audit Adjustments:</u>		
Carbon Reduction Commitment	(257)	
Second Homes Council Tax restated to 16/17	3,985	
Removal of duplicate asset	686	
Pension Adjustment	(43,748)	(39,334)
<b>Revised Net Cost of Services</b>		<b><u>(144,686)</u></b>
<b>Net Cost of Services per audited accounts</b>		<b><u>(144,686)</u></b>
Difference		0

**Reconciliation of Unaudited Accounts to Final Audited Accounts - Balance Sheet**

	£'000	
<b>Net Assets per Draft Accounts</b>		<b>1,012,588</b>
<u>Audit Adjustments:</u>		
Carbon Reduction Commitment	257	
Removal of duplicate asset	(686)	
Pension Adjustment	43,748	43,319
<b>Revised Net Assets</b>		<b><u>1,055,907</u></b>
<b>Net Assets per Final Audited Accounts</b>		<b><u>1,055,907</u></b>
Difference		0

