

PERTH & KINROSS COUNCIL

Audit Committee

16 September 2020

DRAFT AUDITED ANNUAL ACCOUNTS 2019/20 AND DRAFT ANNUAL AUDIT REPORT TO THE MEMBERS OF PERTH & KINROSS COUNCIL AND THE CONTROLLER OF AUDIT FOR THE YEAR ENDED 31 MARCH 2020

Report by the Head of Finance (Report No. 20/162)

PURPOSE OF REPORT

This report presents the Council's Draft Audited Annual Accounts for financial year 2019/20 in accordance with the Local Authority Accounts (Scotland) Regulations 2014 and includes the Draft Annual Audit Report to the Members of Perth & Kinross Council and the Controller of Audit for the Year Ended 31 March 2020.

1. BACKGROUND

- 1.1. The Unaudited Annual Accounts for 2019/20 were submitted to KPMG, the Council's external auditors on 29 June 2020. In line with legislative requirements, the Audit Committee considered the 2019/20 Unaudited Annual Accounts on 22 July 2020 (Report No. 20/118 refers).
- 1.2. The Annual Accounts are prepared in accordance with the 2019/20 CIPFA Code of Practice on Local Authority Accounting ("the Code").
- 1.3. These accounts also comply with the Local Authority Accounts (Scotland) Regulations 2014 which revoked the Local Authority Accounts (Scotland) Regulations 1985.
- 1.4. The Unaudited Annual Accounts were available for public inspection between 1 July and 21 July 2020 (inclusive). During this period KPMG received no objections to the draft Unaudited Annual Accounts.

2. ANNUAL ACCOUNTS 2019/20

- 2.1 The audit of the 2019/20 Annual Accounts took place between July and early September 2020. The audit considered not only the financial statements but also areas such as financial performance and corporate governance.
- 2.2 Other than a few presentational adjustments there were no substantive changes to the 2019/20 Unaudited Annual Accounts that were considered by the Audit Committee on 22 July. Importantly there were no changes to the core financial statements within the Annual Accounts.

- 2.3 At this time, the 2019/20 Audited Annual Accounts remain unsigned. Approval of the Accounts at today's meeting will provide authorisation for the Leader of the Council, the Chief Executive and the Head of Finance to sign them. The Draft Audited Accounts (unsigned) are attached to this report at Appendix A.
- 2.4 The Head of Finance will also sign the Letter of Representation included at Appendix B. Once signed, the Accounts and Letter of Representation will be passed to KPMG so that they may issue their opinion in the form of an audit certificate.
- 2.5 All signatures will be provided electronically using a system recognised by Audit Scotland that ensure the signings comply with the legislative requirements.

3 Draft Annual Audit Report to the Members of Perth & Kinross Council and the Controller of Audit for the Year Ended 31 March 2020

- 3.1 The Draft Annual Audit Report to the Members of Perth & Kinross Council and the Controller of Audit for the year ended 31 March 2020 is set out at Appendix C (the Draft Audit Report). The Draft Audit Report sets out KPMG's opinions and conclusions on the overall audit and their findings to be reported under ISA260: Report to those Charged with Governance. The Draft Audit Report also includes the findings in relation to Perth & Kinross Charitable Trusts which were distributed separately to Trustees.
- 3.2 The key messages from the 2019/20 audit are set out in the Audit Conclusions on page 5 of Appendix C and are summarised as follows:

Audit Opinion

- KPMG expect to issue an unqualified opinion on the truth and fairness of the state of the Council's affairs as at 31 March 2020.

Financial Reporting Framework, Legislation and Other Reporting Requirements

- The Annual Accounts have been prepared in accordance with the relevant accounting standards and legislation.

Annual Accounts Preparation and Audit Readiness

- The Accounts were provided to KPMG on 29 June 2019. The Council's finance team continued to perform well in its delivery of high-quality annual accounts, particularly considering the operational impact of Covid-19

Statutory Reports

- There are no circumstances to notify the Controller of Audit that indicate a statutory report may be required

Other Communications

- There were no significant difficulties during the audit. There were no other significant matters that were discussed, or subject to correspondence with management that have not been included in the report.

Audit Misstatements

- No audit misstatements were identified.

Written Representations

- The letter of representation does not include any additional representations to those that are standard as part of the audit.

- 3.3 KPMG also recognised the contribution of officers from across the Council in the delivery of the Annual Accounts during these exceptional times with no misstatements in line with normal timeframes as a “significant achievement”.
- 3.4 It is anticipated that the final 2019/20 Annual Audit Report to the Members of Perth & Kinross Council and the Controller of Audit for the year ended 31 March 2020 will be issued by KPMG following completion of the final accounts process. It is anticipated that the final Report and the signed Audited Annual Accounts for 2019/20 will be considered by the Council on 7 October 2020.

4. CONCLUSION AND RECOMMENDATIONS

- 4.1 KPMG’s findings on the 2019/20 Audit are set out in the Draft Annual Audit Report to the Members of Perth & Kinross Council and the Controller of Audit for the year ended 31 March 2020 which is attached Appendix C to this report.
- 4.2 It is recommended that the Committee:
- Note the contents of KPMG’s Draft Annual Audit Report to the Members of Perth & Kinross Council and the Controller of Audit for the year ended 31 March 2020.
 - Approve the 2019/20 Audited Annual Accounts and authorise the Leader of the Council, the Chief Executive and the Head of Finance to sign them and also authorise the Head of Finance to sign the Letter of Representation.

Author(s)

Name	Designation	Contact Details
Scott Walker	Chief Accountant	chfinance@pkc.gov.uk
Alison O’Brien	Corporate Accounting Manager	

Approved

Name	Designation	Date
Stewart Mackenzie	Head of Finance	9 September 2020
Karen Donaldson	Interim Chief Operating Officer	

1. IMPLICATIONS, ASSESSMENTS, CONSULTATION AND COMMUNICATION

Strategic Implications	Yes / None
Community Plan / Single Outcome Agreement	None
Corporate Plan	Yes
Resource Implications	
Financial	Yes
Workforce	Yes
Asset Management (land, property, IST)	Yes
Assessments	
Equality Impact Assessment	Yes
Strategic Environmental Assessment	Yes
Sustainability (community, economic, environmental)	Yes
Legal and Governance	None
Risk	None
Consultation	
Internal	Yes
External	None
Communication	
Communications Plan	None

1. Strategic Implications

1.1. Corporate Plan

1.1.1. The Council's Corporate Plan 2018 – 2023 lays out five outcome focussed strategic objectives which provide clear strategic direction, inform decisions at a corporate and service level and shape resources allocation. They are as follows:

- (i) Giving every child the best start in life;
- (ii) Developing educated, responsible and informed citizens;
- (iii) Promoting a prosperous, inclusive and sustainable economy;
- (iv) Supporting people to lead independent, healthy and active lives; and
- (v) Creating a safe and sustainable place for future generations.

1.1.2 This report relates to all of these objectives.

2. Resource Implications

2.1. Financial

2.1.1. There are no direct financial implications arising from this report other than those reported within the body of the main report.

2.2. Workforce

2.2.1. There are no direct workforce implications arising from this report other than those reported within the body of the main report.

2.3. Asset Management (land, property, IT)

- 2.3.1. There are no direct asset management implications arising from this report other than those reported within the body of the main report.

3. **Assessments**

3.1. Equality Impact Assessment

- 3.1.1. Under the Equality Act 2010, the Council is required to eliminate discrimination, advance equality of opportunity, and foster good relations between equality groups. Carrying out Equality Impact Assessments for plans and policies allows the Council to demonstrate that it is meeting these duties.
- 3.1.2. The information contained within this report has been considered under the Corporate Equalities Impact Assessment process (EqIA) and has been assessed as **not relevant** for the purposes of EqIA.

3.2 Strategic Environmental Assessment

- 3.2.1 The Environmental Assessment (Scotland) Act 2005 places a duty on the Council to identify and assess the environmental consequences of its proposals.
- 3.2.2 The information contained within this report has been considered under the Act. However, no action is required as the Act does not apply to the matters presented in this report.

3.3 Sustainability

- 3.3.1 Under the provisions of the Local Government in Scotland Act 2003 the Council has to discharge its duties in a way which contributes to the achievement of sustainable development. In terms of the Climate Change Act, the Council has a general duty to demonstrate its commitment to sustainability and the community, environmental and economic impacts of its actions.
- 3.3.2 The information contained within this report has been considered under the Act. However, no action is required as the Act does not apply to the matters presented in this report.

4. **Consultation**

4.1 Internal

- 4.1.1 The Chief Executive and all Executive Directors have been consulted in the preparation of this report.

2. BACKGROUND PAPERS

- 2.1 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 the above report.

3. APPENDICES

Appendix A – 2019/20 Audited Annual Accounts (unsigned)

Appendix B – Draft letter of representation (unsigned)

Appendix C – Draft Annual Audit Report to the Members of Perth & Kinross Council and the Controller of Audit for the year ended 31 March 2020