

**PERTH AND KINROSS COUNCIL**

**Audit Committee**

**16 September 2015**

**DRAFT AUDITED ANNUAL ACCOUNTS 2014/15**

**Report by the Head of Finance**

**PURPOSE OF REPORT**

This report presents the Council's Draft Audited Annual Accounts for the financial year 2014/15 in accordance with the new Local Authority Accounts (Scotland) Regulations 2014.

**1. BACKGROUND**

- 1.1. The Unaudited Annual Accounts for 2014/15 were submitted to Audit Scotland on 23 June 2015.
- 1.2. The Annual Accounts are prepared in accordance with the 2014 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 were laid before the Scottish Parliament on 7 July 2014 and came into force on 10 October 2014. These new regulations apply to the statutory Annual Accounts from 2014/15 and revoke the Local Authority Accounts (Scotland) Regulations 1985.
- 1.4. The Unaudited Annual Accounts were available for public inspection between 1 and 21 July (inclusive). Audit Scotland, the Council's external auditors, received no objections during this period.
- 1.5. On 1 July 2015 the Council approved the Unaudited Annual Accounts for 2014/15 (Report No. 15/277 refers).

**2. ANNUAL ACCOUNTS 2014/15**

- 2.1 The audit of the Annual Accounts took place between July and early September 2015 during which time Audit Scotland considered whether the Annual Accounts 2014/15:
  - Gave a true and fair view in accordance with applicable law and the 2014/15 Code of the state of the affairs of the group and the Council as at 31 March 2015 and of the income and expenditure of the group and the Council for the year then ended;

- Had been properly prepared in accordance with IFRSs as adopted by the European Union, as interpreted and adapted by the 2014/15 Code; and
  - Had been prepared in accordance with the requirements of the Local Government (Scotland) Act 1973 and the Local Government in Scotland Act 2003.
- 2.2 Audit Scotland's findings are set out in the Draft Annual Audit Report to Members and the Controller of Audit on the 2014/15 Audit and covering memo which are set out in Appendix A to this Committee report. The findings to be reported under ISA260: Report to those Charged with Governance are included in the Draft Annual Audit Report to Members and the Controller of Audit. A Letter of Representation is also included in their covering memo. The Draft Annual Report also includes the findings in relation to Perth and Kinross Charitable Trusts which were distributed separately to Trustees.
- 2.3 The key messages from the 2014/15 audit are set out under five themes on pages 4 and 5 of appendix 1 and are summarised as follows:
- Unqualified auditors report on the 2014/15 financial statements
  - Financial management arrangements are satisfactory
  - The Transformation Programme will be crucial to the achievement of future savings targets
  - There is rising demand for Council services
  - The Council's governance framework operates appropriately, internal controls are effective and arrangements in relation to fraud and corruption have been strengthened
  - The Council has a strong track record of partnership working
  - There is a strong focus on performance management and a sound framework for monitoring and reporting performance
  - The Council's approach to public performance reporting was generally very positive
- 2.4 At this time the Annual Accounts for 2014/15 remain unsigned. Approval of the Accounts at today's meeting will provide authorisation for the Depute Leader of the Council, the Chief Executive and the Head of Finance to sign at the designated points in the Annual Accounts. Once signed the Accounts will be passed to Audit Scotland so that they may issue their opinion in the form of an audit certificate.
- 2.5 The final Annual Audit Report will be issued by Audit Scotland following completion of the final accounts process. The final Report and the signed Audited Annual Accounts for 2014/15 will be considered by the Council on 7 October 2015.
- 2.6 The Draft Audited Accounts are attached to this report at Appendix 2.

### 3. CONCLUSION AND RECOMMENDATIONS

- 3.1 The External Audit findings on the 2014/15 Audit are set out in the Draft Annual Audit Report to Members and the Controller of Audit on the 2014/15 Audit which is attached Appendix 1 to this report. The Unaudited Annual Accounts were submitted to Audit Scotland on 23 June 2015.
- 3.2 It is recommended that the Committee:
- Notes the contents of Audit Scotland's Draft Annual Audit Report to Members and the Controller of Audit and covering memo on the 2014/15 Audit.
  - Authorise the Depute Leader of the Council, the Chief Executive and the Head of Finance to sign at the designated points in the Annual Accounts.

#### Author(s)

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#### Approved

Name	Designation	Date
John Symon	Head of Finance	10 June 2015

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## 1. IMPLICATIONS, ASSESSMENTS, CONSULTATION AND COMMUNICATION

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

### 1. Strategic Implications

#### 1.1. Corporate Plan

- 1.1.1. The Council's Corporate Plan 2013 – 2018 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 1 – Audit Scotland’s Draft Annual Audit Report to Members and the Controller of Audit on the 2014/15 Audit

Appendix 2 – 2014/15 Draft Audited Annual Accounts