

PERTH & KINROSS COUNCIL

3 October 2018

AUDITED ANNUAL ACCOUNTS 2017/18 AND ANNUAL AUDIT REPORT TO THE MEMBERS OF PERTH & KINROSS COUNCIL AND THE CONTROLLER OF AUDIT FOR THE YEAR ENDED 31 MARCH 2018

Report by the Head of Finance (Report No. 18/306)

PURPOSE OF REPORT

This report presents the Council's Audited Annual Accounts for financial year 2017/18 in accordance with the Local Authority Accounts (Scotland) Regulations 2014 and includes the Annual Audit Report to the Members of Perth & Kinross Council and the Controller of Audit for the Year Ended 31 March 2018.

1. BACKGROUND

- 1.1. The Unaudited Annual Accounts for 2017/18 were considered by the Audit Committee on 27 June 2018 (Report No. 18/223 refers) which authorised them to be signed by the Head of Finance and submitted to KPMG, the Council's external auditors, by the statutory deadline of 30 June 2018.
- 1.2. The Annual Accounts are prepared in accordance with the 2017/18 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 2 July and 20 July 2018 (inclusive). During this period KPMG received no objections to the draft Unaudited Annual Accounts.
- 1.5. The draft Audited Annual Accounts and draft Annual Audit Report to the Members of Perth & Kinross Council and the Controller of Audit for the Year Ended 31 March 2018 were approved by the Audit Committee on 26 September 2018 (Report No. 18/301 refers).

2. ANNUAL ACCOUNTS 2017/18

- 2.1 The audit of the 2017/18 Annual Accounts took place between July and mid-September 2018. The audit considered not only the financial statements but also areas such as financial performance and corporate governance.

- 2.2 Since the Unaudited Accounts for 2017/18 were considered by the Audit Committee there have been a number of adjustments to the financial statements which are set out in Appendix Five of the Annual Audit Report to Members of Perth & Kinross Council and the Controller of Audit for the year ended 31 March 2018 at Appendix A. These adjustments have no impact on the level of resources available to the Council, or the Council's financial performance in 2017/18.
- 2.3 The Audited Accounts are attached to this report at Appendix B.

3 Annual Audit Report to the Members of Perth & Kinross Council and the Controller of Audit for the Year Ended 31 March 2018

- 3.1 The Annual Audit Report to the Members of Perth & Kinross Council and the Controller of Audit for the year ended 31 March 2018 is set out at Appendix A (the Audit Report). The 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 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 2017/18 audit are set out under four themes on page 19 of Appendix 1 and are summarised as follows:

Financial Sustainability

- The Council has effective arrangements to monitor savings and secure financial sustainability, alongside its relatively strong Reserves position.

Financial Management

- The Council has sound processes to manage its finances and resources which aids effective planning and budget setting. This includes a three year Revenue Budget, five year Medium Term Financial Plan and ten year Capital Budget. This is good practice.
- During budget setting there is ongoing consultation with members, service users and other key stakeholders. This allows open and transparent budget setting and supports effective financial management.

Governance and Transparency

- Continued high standards of governance and accountability were in place during 2017/18.
- There was an effective governance framework of committees.

Value for Money

- The Council has appropriate arrangements for achieving value for money.

- Options appraisals and business cases are developed to support key decisions and are appropriately scrutinised.

4. CONCLUSION AND RECOMMENDATIONS

4.1 KPMG's findings on the 2017/18 Audit are set out in the Annual Audit Report to the Members of Perth & Kinross Council and the Controller of Audit for the year ended 31 March 2018 which is attached at Appendix A to this report.

4.2 It is recommended that Council:

- Note the contents of KPMG's Annual Audit Report to the Members of Perth & Kinross Council and the Controller of Audit for the year ended 31 March 2018.
- Note the 2017/18 Audited Annual Accounts.

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	28 September 2018
Jim Valentine	Depute Chief Executive and Chief Operating Officer	28 September 2018

ANNEX

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 – KPMG's Annual Audit Report to the Members of Perth & Kinross Council and the Controller of Audit for the year ended 31 March 2018

Appendix B – 2017/18 Audited Annual Accounts