

PERTH & KINROSS COUNCIL

AUDIT COMMITTEE –

30 June 2021

UNAUDITED DRAFT ANNUAL ACCOUNTS 2020/21

Report by the Head of Finance

(Report No. 21/112)

PURPOSE OF REPORT

This report presents the Council's draft Unaudited Annual Accounts for the financial year 2020/21 in accordance with the Local Authority Accounts (Scotland) Regulations 2014.

1. BACKGROUND

1.1. The Local Authority Accounts (Scotland) Regulations 2014 sets out the following in respect of the Unaudited Annual Accounts:

- “(5) The proper officer must ensure that financial statements give a true and fair view of the financial position of the local authority and its group at the end of the financial year and the transactions of the local authority and its group for that year.*
- (6) Once the proper officer is satisfied as to the matters set out in paragraph (5), the proper officer must certify these matters by signing and dating the statement of responsibilities and the balance sheets contained within the Annual Accounts and then submit the Annual Accounts to the auditor.*
- (7) The Annual Accounts must be submitted to the auditor no later than 30th June immediately following the financial year to which the Annual Accounts relate.*
- (8) The local authority must publish a copy of the Annual Accounts submitted to the auditor, clearly identified as an unaudited version, on a website of the authority from the date they are submitted until the date on which the audited Annual Accounts are published in accordance with regulation 11.*
- (9) A local authority or a committee of that authority whose remit includes audit or governance functions must meet to consider the unaudited Annual Accounts as submitted to the auditor.*
- (10) The meeting referred to in paragraph (9) must be held no later than 31st August immediately following the financial year to which the Annual Accounts relate”.*

2. ANNUAL ACCOUNTS

- 2.1 The Annual Accounts are prepared in accordance with the 2020 CIPFA Code of Practice on Local Authority Accounting (“the Code”).
- 2.2 These accounts also comply with the Local Authority Accounts (Scotland) Regulations 2014 which came into force in October 2014.
- 2.3 The Annual Accounts include a Management Commentary, which provides users of the financial statements with integrated information on management’s view of performance, position, and progress (including forward looking information). This is set out on pages 1 to 14 of the draft Unaudited Annual Accounts which are attached at Appendix 1.
- 2.4 The Regulations require an annual review of the effectiveness of a local authority’s system of internal control by Elected Members. This requirement was met with the approval of the Annual Governance Statement by the Scrutiny Committee on 9 June 2021 (Report No. 21/85 refers). The Statement is set out from page 15 of the draft Unaudited Annual Accounts.
- 2.5 The Regulations also require consideration of the Unaudited Annual Accounts by those charged with governance at a meeting to be held no later than 31 August. This report (and the draft Unaudited Annual Accounts attached at Appendix 1) is before the Committee today to ensure compliance with the statutory requirements prior to submitting them to the appointed auditor (KPMG) and making them available for public inspection.
- 2.6 **ACTION:** Following consideration of the draft Unaudited Annual Accounts the Committee is asked to authorise the Head of Finance to sign the Unaudited Annual Accounts.

3. NEXT STEPS

- 3.1 The audit of the Annual Accounts will take place during July and August 2021. KPMG (working with Council officers) will consider whether the Annual Accounts:
 - Give a true and fair view, in accordance with applicable law and the 2020 Code, of the state of the affairs of Perth & Kinross Council and its Group as of 31 March 2021 and of the income and expenditure for the year then ended;
 - Have been properly prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union, as interpreted and adapted by the 2020 Code; and
 - Have been prepared in accordance with the requirements of the Local Government (Scotland) Act 1973 and the Local Government in Scotland Act 2003.
- 3.2 The Companies Act requires auditors to give an explicit opinion on whether the strategic report and governance statement have been prepared in accordance with legal requirements. Audit Scotland’s policy is to apply

Companies Act requirements on a best practice basis will include opinions to the auditor's report on whether the:

- Management commentary has been prepared in accordance with statutory guidance.
- Annual Governance Statement has been prepared in accordance with the proper practices set out in the good governance code.

3.3 It is anticipated that the results of the audit will be summarised in the Draft Annual Audit Report which incorporates the International Standard on Accounting (ISA) 260: Report to those Charged with Governance. It is further anticipated that this KPMG report will be considered by the Audit Committee on 20 September 2021 with the Final Annual Report on the 2020/21 Audit being considered by the Council on 7 October 2021.

3.4 **ACTION:** The Committee is asked to note that it is anticipated that the unsigned Audited Annual Accounts will be considered by the Audit Committee on 20 September 2021.

3.5 The Unaudited Annual Accounts are also available for public inspection between 1 and 21 July 2021 (inclusive) with any objections being sent to the auditor by 23 July 2021.

4. CONCLUSION AND RECOMMENDATIONS

4.1 The Unaudited Annual Accounts will be submitted to the Controller of Audit by 30 June 2021 following authorisation by the Head of Finance.

4.2 It is recommended that the Committee:-

- i) Authorises the Head of Finance to sign the Unaudited Annual Accounts – see paragraph 2.6.
- ii) Notes that it is anticipated that the unsigned Audited Annual Accounts will be considered by the Audit Committee on 20 September 2021 – see paragraph 3.4.

Author(s)

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Approved

Name	Designation	Date
Stewart Mackenzie	Head of Finance	22 June 2021
Karen Donaldson	Chief Operating Officer	22 June 2021

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

Corporate Plan

- 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.
- 1.2 This report relates to all of these objectives.

2. Resource Implications

Financial

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

Workforce

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

Asset Management (land, property, IT)

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

3 Assessments

Equality Impact Assessment

- 3.1 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.
- 3.2 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.

Strategic Environmental Assessment

- 3.3 The Environmental Assessment (Scotland) Act 2005 places a duty on the Council to identify and assess the environmental consequences of its proposals.
- 3.4 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.

Sustainability

- 3.5 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.
- 3.6 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

Internal

- 4.1 The Executive Officer Team 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 – 2020/21 Draft Unaudited Annual Accounts