

AUDITED ANNUAL ACCOUNTS 2014-15

1. EXECUTIVE SUMMARY

- 1.1 This report sets out the outcome of our external auditors, Audit Scotland, audit of the Council's Annual Accounts for 2014-15 together with its Charitable Trusts. The audited accounts of the Council and its Charitable Trusts, incorporating the audit certificates, are attached along with a set of summary accounts and a financial snapshot of the 2014-15 financial year.
- 1.2 The unaudited accounts were completed and submitted by the statutory deadline date of 30 June 2015. The audit has been completed and the accounts signed within the statutory deadline date of 30 September 2015. The audit certificate is unqualified and Audit Scotland was able to conclude that the Council and Charitable Trust accounts represented a true and fair view of both the Council's and Charitable Trusts' financial positions at the 31 March 2015. Audit Scotland have issued their Annual Audit Report to members and the Controller of Audit.
- 1.4 The significant adjustments to the accounts were as noted below.
- An increase in the Property, Plant and Equipment of £1.477m to reflect the costs of restoration and aftercare of the Council's Landfill sites offset by the creation of a provision for the costs.
 - The balance in respect of the Roads Stock was reduced by £0.024m.
 - The Audit Fee within the accounts was corrected, an increase of £0.029m.
 - The Management Commentary has been updated to reflect guidance in respect of its contents.
- 1.5 The effect of these adjustments was to reduce the Surplus on the Provision of Services by £0.053m which reduced the General Fund Balance by a similar amount.
- 1.6 The audit identified errors where it was agreed not to amend the accounts. These errors, if corrected, would have had the cumulative effect of reducing the council's net assets by 0.046m. There would have been no impact on the General Fund Balance.
- 1.6 The financial position of the Council based on the audited accounts can be summarised as follows:
- Surplus on provision of services for 2014-15 £4.581m
 - Total assets less liabilities at 31 March 2015 £160.957m
 - General fund balance at 31 March 2015 £46.067m.
- 1.7 The Accounting Regulations changed during 2014-15 and the Audited Accounts now need formal approval by Council Committee. This would normally be the Audit Committee, however, their Terms of Reference will need amending to give

them the power to approve the Accounts, therefore, this year the Audited Annual Accounts of Argyll and Bute Council for the year ended 31 March 2015 are recommended to Council for approval together with the Audited Annual Accounts of its Charitable Trusts.

AUDITED ACCOUNTS 2014- 2015

2. INTRODUCTION

- 2.1 Our external auditors, Audit Scotland, have completed their audit of the Council's annual accounts for the year to 31 March 2015 together with the audits of the Council's Charitable Trusts. The audited accounts for both the Council and Charitable Trusts, incorporating the audit certificates for 2014-15, are attached. The audit certificates contain no qualifications.

3. RECOMMENDATIONS

- 3.1 The Audited Annual Accounts of Argyll and Bute Council for the year ended 31 March 2015 are recommended to Council for approval.
- 3.2 The Audited Accounts of Argyll and Bute Council's Charitable Trusts are recommended for approval.
- 3.3 The Summary Accounts and Financial Snapshot of the 2014-15 financial year are noted.
- 3.4 Audit Scotland's Annual Report to Members and the Controller of Audit is noted.

4. DETAIL

- 4.1 The audited annual accounts including the audit certificates and the external audit report for the 2014-15 audits in respect of the Council and Charitable Trusts are attached.
- 4.2 The unaudited accounts were completed and submitted by the statutory deadline date of 30 June 2015. The audit has been completed and the accounts signed within the statutory deadline date of 30 September 2015.
- 4.3 The audit certificates are unqualified and Audit Scotland was able to conclude that the Council and Charitable Trust accounts represented a true and fair view of both the Council's and Charitable Trusts' financial positions at the 31 March 2015.
- 4.4 Audit Scotland have issued their Annual Report to members and the Controller of Audit.
- 4.5 The significant adjustments to the accounts were as noted below. There were also a few presentational adjustments.

- An increase in the Property, Plant and Equipment of £1.477m to reflect

the costs of restoration and aftercare of the Council's Landfill sites offset by the creation of a provision for the costs.

- The balance in respect of the Roads Stock was reduced by £0.024m.
- The Audit Fee within the accounts was corrected, an increase of £0.029m.
- The Management Commentary has been updated to reflect guidance in respect of its contents.

4.6 The table below reconciles the changes from unaudited accounts to audited accounts for the Surplus on Provision of Services, the General Fund Balance and Total Assets less Liabilities.

| | Surplus On Provision of Services £m | General Fund Balance £m | Total Assets Less Liabilities £m |
|--------------------------|--|--|---|
| Unaudited Accounts | 4.634 | 46.120 | 161.010 |
| Reduction in Roads Stock | (0.024) | (0.024) | (0.024) |
| Correction to Audit Fee | (0.029) | (0.029) | (0.029) |
| Audited Accounts | 4.581 | 46.067 | 160.957 |

4.7 The committed funds within the General Fund Balance were £30.193m per the audited accounts. This leaves an unallocated General Fund Balance of £15.874m. This equates to 6.5% of the Council's budgeted net expenditure for 2015-16 and exceeds the agreed contingency level approved as part of the 2015-16 budget process. Members agreed at Policy and Resources Committee in August 2014 to direct the free balance on the general fund exclusively to the theme of economy and jobs and proposals to increase income/reduce costs for the Council.

4.8 The audit identified errors where it was agreed not to amend the accounts. The errors amounted to £0.046m and related to under depreciation of properties within the asset register. These errors, if corrected, would have had the cumulative effect of reducing the council's net assets by 0.046m. There would have been no impact on the General Fund Balance.

5. CONCLUSION

5.1 This report advises members on the conclusion of the audit of the Council's Annual Accounts and also the audit of its Charitable Trusts. Audit Scotland have issued unqualified certificates on all accounts audited. The audits were completed and the accounts signed off within the required statutory deadline of 30 September 2015. Minimal adjustments were made to the accounts as a result of the audit process.

6. IMPLICATIONS

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|-----|--------------------|-------|
| 6.1 | Policy – | None. |
| 6.2 | Financial - | None |
| 6.3 | Legal - | None. |
| 6.4 | HR - | None. |
| 6.5 | Equalities - | None. |
| 6.6 | Risk - | None. |
| 6.7 | Customer Service - | None. |

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Appendix 1 – Summary of Main Changes to Financial Statements Arising from Audit

APPENDIX 1 – SUMMARY OF MAIN CHANGES TO FINANCIAL STATEMENTS ARISING FROM AUDIT

| Section of Financial Statements Changes | Audited Accounts £000s | Unaudited Accounts £000s | Change £000s | Comments / Explanation |
|---|------------------------|--------------------------|--------------|---|
| Comprehensive income & Expenditure Account (Pages 36-37 of audited accounts) | | | | |
| Net cost of service | 239,388 | 239,335 | 53 (Dr) | Increase in Audit Fee of £29k and reduction in Roads Stock Balance £24k. |
| (Surplus) / Deficit on Provision of Services | (4,581) | (4,634) | 53 (Dr) | Net effect of above |
| | | | | |
| Statement of Movement in Reserves (Pages 30-31 of audited accounts) | | | | |
| Surplus) / Deficit on Provision of Services | (4,581) | (4,634) | 53 (Dr) | See Comprehensive Income and Expenditure Account above. |
| Increase / (Decrease) in General Fund Balance for the Year | (2,026) | (2,079) | 53 (Dr) | Net effect of above |
| Balance on General Fund Carried Forward | (46,067) | (46,120) | 53 (Dr) | Net effect of above |
| Balance Sheet (Page 38 of audited accounts) | | | | |
| Other Land and Buildings | 281,317 | 279,840 | 1,477 (Dr) | Increase in value of Landfill Sites to reflect value of restoration and aftercare. |
| Inventories | 334 | 358 | 24(Cr) | Reduction in value of Roads Stock. |
| Short-term Creditors | (35,577) | (35,548) | 29(Cr) | Increase in creditor for Audit Fee |
| Long-term Liabilities - Provisions | (1,566) | (89) | 1,477 (Cr) | Creation of a Provision to reflect the value of restoration and aftercare in respect of Landfill Sites. |
| Total assets less liability | 160,957 | 161,010 | 53 (Cr) | Net effect of above |