

**AUDITED ACCOUNTS 2017-18**

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**1. EXECUTIVE SUMMARY**

- 1.1 Audit Scotland have now completed their audit of the Council's Accounts for the year to 31 March and also the Charitable Trusts administered by the Council and have issued audit certificates containing no qualifications. They were able to conclude that the Accounts present a true and fair view of the financial position as at 31 March 2018.
- 1.2 The Council's Accounts and the Charitable Trust Accounts incorporating the audit certificates are on the Council's website on the following links:
- [Council Accounts](#)  
[Charitable Trusts](#)
- 1.3 The Accounts were completed and submitted by the statutory date of 30 June 2018. The audit has been completed within the timescale of 30 September 2018, set by Audit Scotland. The Audit and Scrutiny Committee, at its meeting on 25 September 2018, approved the Accounts for issue.
- 1.4 The main adjustments to the accounts, in addition to some presentational adjustments, are noted below and summarised within Appendix 1:
- An adjustment was required to the accounts as a result of the pension scheme actuary providing an updated valuation of the Council's share of the Strathclyde Pension Fund assets.
  - Live Argyll was consolidated as an associate in the draft accounts, however, Live Argyll is a wholly owned subsidiary of the Council and this has been reflected in the audited accounts.
  - There were adjustments to the reclassification of assets.
  - There was a small adjustment of £0.031m in respect of NDR income in respect of the Lorn Arc TIF that should have been transferred to the General Fund.
- 1.5 The only adjustment that had an effect on the General Fund balance was the NDR TIF. This reduced the deficit on the Provision of Services by £0.031m which increased the General Fund Balance by the same amount.
- 1.6 The audit identified an error where it was agreed not to amend the accounts as it was considered not material. This was in relation to short-term debtors being overstated by £0.09m, with a corresponding understatement of expenditure in the Comprehensive Income and Expenditure Statement.
- 1.7 Audit Scotland have issued the 2017-18 Annual Audit Report to Members and the

Controller of Audit and this is attached as Appendix 2. The External Auditors Annual Report is positive. The report contains a number of key messages in respect of:

- The Audit of the 2017-18 Annual Accounts
  - Unqualified audit opinion on the Council's and charitable trusts financial statements.
- Financial Management
  - Financial management is effective with a budget process focussed on the Council's priorities.
- Financial Sustainability
  - The Council and its groups financial position is sustainable in the medium to long term although rising demand, increasing costs of service and reductions to central funding will continue to place a strain on the Council's capacity to deliver services at current levels.
  - The Council has a medium to long-term financial strategy which is aligned to the Council's priorities and demonstrates how the Council will address future budget challenges.
- Governance and Transparency
  - The Council has appropriate governance and accountability arrangements in place that support the scrutiny of its decisions.
  - The Council conducts its business in an increasingly open and transparent manner.
- Best Value
  - The Council has been effective in promoting community engagement across most areas of its activities. It has also successfully implemented its statutory obligations relating to the Community Empowerment Act 2015.
  - There are challenges in partnership working between the Council, NHS Highland and Argyll and Bute Integration Joint Board who aim to revisit the risk sharing arrangements outlined in the integration scheme. Effective partnership working will be essential for providing integrated services within the available funding.

1.8 Appendix 1 of the Annual Report outlines the action plan agreed with officers to address issues identified during the audit. The actions are in relation to:

- Review of Assets Under Construction
- Valuation of Common Good Assets
- Valuation of Heritage Assets
- Enhancements to Financial Strategy
- Holiday Pay Accrual.

## **2. RECOMMENDATIONS**

2.1 The Council is recommended to:

- a) Note that unqualified certificates have been issued for both the Council Accounts and the Charitable Trusts and these are now included within the Accounts on the Council's website.

b) Consider Audit Scotland's Annual Audit Report for 2017-18.

### **3. CONCLUSION**

3.1 This report advises members on the conclusion of the audit of the Accounts. The External Auditor's certificate is unqualified. The audit was completed within the required timescales. Minimal adjustments were made to the accounts during the audit process.

### **4. IMPLICATIONS**

4.1	Policy –	None.
4.2	Financial -	None
4.3	Legal -	None.
4.4	HR -	None.
4.5	Equalities -	None.
4.6	Risk -	None.
4.7	Customer Service -	None.

**Kirsty Flanagan**  
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**31 October 2018**

**Councillor Gary Mulvaney, Policy Lead for Strategic Finance and Capital  
Regeneration Projects**

Appendices:

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

Appendix 2 – 2017/18 Annual Audit Report