

**2020-21 AUDITED ANNUAL ACCOUNTS**

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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 2021 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 2021. The audited accounts incorporating the audit certificate for 2020-21 are attached.
- 1.2 The Council's unaudited accounts were completed and submitted by the historical statutory date of 30 June 2021. The audit has been completed within the timescale of 30 November 2021.
- 1.3 The main adjustments to the accounts, in addition to some presentational adjustments, are noted below:
- An adjustment was required in respect of funds held on behalf of the Health and Social Partnership (HSCP). The General Fund was reduced by £2.389m and Creditors increased by £2.389m. This adjustment was also replicated in the Group Accounts
  - An adjustment was required to recognise the notional value of PPE and Testing Kits received from National Services Scotland (NSS) for Social Care. This adjustment was also replicated in the Group Accounts.
  - Current Year and Prior Year Adjustments have been made to the Group Accounts relating to the Council's share of the IJB surplus and share of net assets. Historically, Associates and Joint Venture figures were presented as Net Expenditure, they have now been amended to show Gross Income and Gross Expenditure separately within the Group. The Live Argyll Management Fee which was paid by the Council is an intra group transaction and has now been removed.
- 1.4 The balance of the General Fund reduced by £2.389m from £80.634m to £78.245m due to the adjustment at 1.3 above.
- 1.5 The financial position of the Council based on the audited accounts can be summarised as follows:
- Accounting Surplus on the provision of services for 2020-21 £14.257m
  - Underspend against budget for 2020-21 £0.188m
  - Total assets less liabilities at 31 March 2021 £347.759m
  - General fund balance at 31 March 2021 £78.245m.

- 1.6 The committed funds within the General Fund Balance are £71.888m per the audited accounts. This leaves an unallocated General Fund Balance of £6.357m. This equates to 2.54% of the Council's budgeted net expenditure for 2021-22 and exceeds the agreed contingency of 2% of approved budget as agreed as part of the 2020-21 budget.

## **2. RECOMMENDATIONS**

- 2.1 The Committee is asked to consider and recommend to Council that the Audited Annual Accounts of the Council and Charitable Trusts for the year to 31 March 2021 are approved.

## **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**

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|------|------------------------|------|
| 4.1  | Policy -               | None |
| 4.2  | Financial -            | None |
| 4.3  | Legal -                | None |
| 4.4  | HR -                   | None |
| 4.5  | Fairer Scotland Duty - | None |
| 4.6  | Equalities -           | None |
| 4.7  | Socio-Economic Duty -  | None |
| 4.8  | Islands Duty -         | None |
| 4.9  | Risk -                 | None |
| 4.10 | Customer Service -     | None |

**Kirsty Flanagan**  
**S95 Officer**  
**24 November 2021**

**Gary Mulvaney - Policy Lead for Financial Services and Capital Regeneration Projects**

Appendix 1 – Summary of Main Changes to Financial Statements Arising from Audit  
Appendix 2 – Argyll and Bute Council Audited Accounts 2020-21  
Appendix 3 – Charities Accounts 2020-21

## 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
<b>Comprehensive Income &amp; Expenditure Account (Pages 49-50) of audited accounts)</b>				
Social Work Net Expenditure	61,572	59,183	2,389	Adjustment to recognise HSCP funds as a Creditor and not as a fund held on behalf of HSCP in Earmarked Reserves. This resulted in an adjustment to the Gross Expenditure £4.620m and to the Gross Income of £2.231m resulting in the net adjustment of £2.389m
<b>Expenditure and Funding Analysis Statement (Pages 47-48 of audited accounts)</b>				
Social Work Net Expenditure in CIES	61,572	59,183	2,389	Adjustment to recognise HSCP funds as a Creditor and not as a fund held on behalf of HSCP in Earmarked Reserves which in turn has the same impact on the Net cost of Service (NCS) line.
<b>Balance Sheet (Pages 51-52 of audited accounts)</b>				
<b>Impact on Assets and Liabilities:</b>				
Long-term Investments	17,992	492	17,500	Restatement of Short-term Investment to Long-term Investment
Short-term Investments	45,000	62,500	-17,500	Restatement of Short-term Investment to Long-term Investment
Creditors	45,457	43,068	2,389	Adjustment to recognise HSCP funds as a Creditor and not as a fund held on behalf of HSCP in Earmarked Reserves

<b>Impact on Council Reserves:</b>				
General Fund Balance	78,245	80,834	2,389	Adjustment to recognise HSCP funds as a Creditor and not as a fund held on behalf of HSCP in Earmarked Reserves
<b>Statement of Movement in Reserves (Pages 53-54 of audited accounts)</b>				
(Surplus)/Deficit on Provision of Services	(14,257)	(16,646)	(2,389)	Adjustment to recognise HSCP funds as a Creditor and not as a fund held on behalf of HSCP in Earmarked Reserves.
<b>Cash Flow Statement (Page 57 of audited accounts)</b>				
Net (Surplus) on the Provision of Services	-14,257	-16,646	2,389	Adjustment to recognise HSCP funds as a Creditor and not as a fund held on behalf of HSCP in Earmarked Reserves.
Adjustments to net surplus or deficit on the provision of services for non-cash movements	-30,546	-28,157	-2,389	Adjustment to recognise HSCP funds as a Creditor and not as a fund held on behalf of HSCP in Earmarked Reserves.
<b>Group Comprehensive Income and Expenditure Account (Page 125 of audited accounts)</b>				
Health and Social Care Integration - Net Expenditure	61,572	59,183	2,389	Adjustment to recognise HSCP funds as a Creditor and not as a fund held on behalf of HSCP in Earmarked Reserves
Associates and Other joint Ventures - Gross Expenditure	1,981	8,557	-6,576	Live Argyll Income fully consolidated into Executive Director - Douglas Hendry

Associates and Other joint Ventures - Gross Income	-5,010	-8,594	3,584	£2.991m is Council's share of IJB surplus and Live Argyll income of £6.576m which has now been fully consolidated within Executive Director - Douglas Hendry
Net Cost of Service	245,205	245,808	-603	Net of the adjustments above
<b>Group Balance Sheet (Pages 126-127 of audited accounts)</b>				
Total Long Term Assets	682,935	666,960	15,975	Investments within Associates and joint Ventures now split across all balance sheet headings as opposed to previously being shown as one net value.
Total Current Assets	112,133	123,825	-11,692	Investments within Associates and joint Ventures now split across all balance sheet headings as opposed to previously being shown as one net value, plus the share of net assets in relation to the IJB.
Total Current Liabilities	-56,398	-53642	-2,756	Investments within Associates and joint Ventures now split across all balance sheet headings as opposed to previously being shown as one net value.
Total Long-term Liabilities	-380,700	-380,077	-623	Investments within Associates and joint Ventures now split across all balance sheet headings as opposed to previously being shown as one net value.
<b>Impact on Group Reserves:</b>				
Total Reserves	357,970	357,066	904	Net of the above transactions.

**Group Statement of movement in Reserves (Page 128 of audited accounts)**

Balance B/F Total Reserves	-336,885	-336,583	-302	Recognition of share of IJB Net Assets - Prior Year Adjustment (See note 5 to Group Accounts page 132).
Total Comprehensive income and Expenditure - Total Reserves.	-21,085	-20,483	-602	Adjustment as a result of changes to Group CIES.