



REPORT TO: SPECIAL MORAY COUNCIL ON 26 SEPTEMBER 2019

SUBJECT: MORAY COUNCIL'S AUDITED ANNUAL ACCOUNTS FOR THE PERIOD 1 APRIL 2018 TO 31 MARCH 2019

BY: CORPORATE DIRECTOR (CORPORATE SERVICES)

1. REASON FOR REPORT

1.1 To submit to the Council the Audited Annual Accounts for the Moray Council for the year ended 31 March 2019.

1.2 This report is submitted to the Council to ensure the deadline for signing the accounts by 30 September is met and for consideration as a suite of reports on the Annual Audit and Accounts for 2018/19 which are available on the Council's website at <https://moray.cmis.uk.com/moray/CouncilandGovernance/Meetings/tabid/70/ctl/ViewMeetingPublic/mid/397/Meeting/1540/Committee/2/Default.aspx>.

2. RECOMMENDATION

2.1 It is recommended that the Council:

- (a) considers the Audited Annual Accounts for the financial year 2018/19; and**
- (b) approves that the Annual Accounts are signed, having regard to the Annual Report from the external auditor considered earlier at this meeting.**

3. BACKGROUND

3.1 The unaudited Annual Accounts were submitted to a special meeting of the Council on 27 June 2019 (paragraph 7 of the draft minute refers).

3.2 The audit process highlighted the following changes to the financial information which resulted in changes being made to the Core Statements:

- 3.2.1 The major change to the accounts occurred due to amended IAS 19 pension fund liability figures. In the unaudited accounts a contingent liability note was included regarding pensions transition arrangements age discrimination. At that time the Government were appealing the judgement that the arrangements were age discriminatory and the Council's actuary did not have any further details on which to base a calculation. Since the McCloud judgement the Government has been refused the right to appeal and actuaries have been provided with a methodology on which to calculate the potential impact, which resulted in an increase in the Pension Liability of £10.3 million. This impacted on the Comprehensive Income and Expenditure Statement (CIES) for the cost of services for past service costs and other expenditure by increasing the re-measurement of the net defined benefit liability. This also affected the Movement In Reserves Statement (MIRS) to increase the unusable reserves value; the Balance Sheet for the long term pension liability and pension reserve, along with the associated notes and group accounts.
- 3.2.2 In addition to the above, the Group Core Statements were amended due to the IAS19 pension fund liability relating to the Grampian Valuation Joint Board and amendments in Moray Leisure accounts, which has increased the liability on the share of associate's reserves by £0.204 million.
- 3.3 Other presentational amendments were made to the accounts but did not have any impact on the core statements.
- 3.4 The Council's External Auditors have given the Council an unqualified opinion in the Independent Auditors' Report which can be found on pages 105 to 107 of the Accounts.

4 SUMMARY OF IMPLICATIONS

(a) Corporate Plan and 10 Year Plan (Local Outcomes Improvement Plan (LOIP))

The audited Annual Accounts have been completed within the target timescale.

(b) Policy and Legal

According to Paragraph 10 (1) of the Local Authority Accounts (Scotland) Regulations 2014, a Local Authority is required to submit its Audited Accounts to the Council each year and state that a local authority must meet to consider the Audited Accounts and aim to approve them no later than 30 September immediately following the financial year to which they relate.

The review by the External Auditors of the Council's Accounts is in accordance with the Council's Code of Corporate Governance and ensures that the Council complies with established policies, procedures, laws and regulations.

(c) Financial implications

The majority of the revisions made to the accounts were presentational and had no impact on the Council's General Fund balance. One amendment relating to IAS 19 pension liability impacted on the CIES, Balance Sheet and unusable reserves by increasing the liability by £10.3m for the Moray Council and another amendment for changes in Associates, which affected the group accounts by increasing the liability by £0.204m

(d) Risk Implications

There are no risk issues arising directly from this report. The work undertaken by Audit Scotland provides assurance to the Committee that the Accounts for 2018/19 give a true and fair view of the financial position and expenditure and income of the Council and its group for the year.

(e) Staffing Implications

Many staff throughout the Council provide information for the inclusion in the Annual Accounts.

(f) Property

There are no property issues arising directly from this report.

(g) Equalities/Socio Economic Impact

There are no equalities issues arising directly from this report.

(h) Consultations

None.

5 CONCLUSION

- 5.1 The Council's External Auditor has issued an opinion with no qualifications for the 2018/19 Annual Accounts which means that the audited financial statements give a true and fair view of the financial position and expenditure and income of the Council and its group for the year.**

Author of Report: Lorraine Paisey, Head of Financial Services – Ext 3213
Background Papers: Held in Financial Services
Ref: