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**REPORT TO: SPECIAL MEETING OF MORAY COUNCIL ON 7 NOVEMBER 2022**

**SUBJECT: MORAY COUNCIL'S AUDITED ANNUAL ACCOUNTS FOR THE PERIOD 1 APRIL 2021 TO 31 MARCH 2022**

**BY: DEPUTE CHIEF EXECUTIVE (ECONOMY, ENVIRONMENT AND FINANCE)**

**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 2022.
- 1.2 This report is submitted to the Council to ensure the deadline for signing the accounts by 31 October is met and for consideration as a suite of reports on the Annual Audit and Accounts for 2021/22.

**2. RECOMMENDATION**

**2.1 It is recommended that the Council:**

- i) consider and note the Audited Annual Accounts for the financial year 2021/22; and**
- ii) approve 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 meeting of Moray Council on 29 June 2022 (paragraph 26 of the minute refers). A copy of the Audited Annual Accounts for 2021/22 is available as another meeting document on this agenda. Subject to approval, the signed accounts will be posted to the Council's website following this meeting.
- 3.2 As a result of the audit process a number of changes have been made to the Core Statements and these are described below.
- 3.3 The Council carries out a rolling programme that ensures that all Property, Plant and Equipment required to be measured at current or fair value is revalued at least every five years. The Council adopted a desktop indexation

exercise for specific classes of assets during 2021/22 and corrections were required as a result of the audit. Corrections were also identified in regards items that were classified as Under Construction in error and these were also corrected. The effect of these amendments was to increase net assets and unusable reserves by £16.332 million. There was no impact on the Council's useable reserves.

- 3.4 Following completion of the draft Annual Accounts the Council were notified by the North East Pension Fund of errors in the information provided by the scheme actuaries. The revised figures are incorporated in the audited accounts. This has resulted in an increase of the Pension Liability of £0.019 million. This impacted on the Comprehensive Income and Expenditure Statement (CIES) by increasing the re-measurement of the net defined 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.
- 3.5 During the audit an error was identified in relation to a creditor and this was corrected. The effect of this was to reduce the net cost of services in the Comprehensive Income and Expenditure Statement (CIES) by £0.180 million and increase useable reserves by the same amount, which is split as a £0.173 million increase to the General Fund and £0.007 million increase to the Housing Revenue Account (HRA). The General Fund increase has been added to the Covid-19 earmarked portion of the General Fund.
- 3.6 The overall impact of the amendments is to increase net assets by £16.493 million, unusable reserves by £16.313 million and useable reserves by £0.180 million.
- 3.7 The External Auditors have given the Council an unqualified opinion in the Independent Auditors' Report, which can be found on pages 117-119 of the Accounts.

#### **4. SUMMARY OF IMPLICATIONS**

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

The draft Annual Accounts were completed within the target timescale.

**(b) Policy and Legal**

According to Paragraph (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 Coronavirus (Scotland) Act, and so far as is compatible with that legislation, in accordance with proper accounting practices (section 12 of the Local Government in Scotland Act 2003), the regulations have been relaxed in response to the Covid-19 pandemic but the relaxations mainly relate to the timing of the audit and the consideration date was

consequently delayed until 31 October 2022, with a publication deadline of 15 December 2022.

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**

Amendments to the accounts were identified as part of the audit process. The impact of these was to increase the Council's useable reserves by £0.180 million.

**(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 2021/22 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) Climate Change and Biodiversity Impacts**

There are no climate change and biodiversity issues arising directly from this report.

**(i) Consultations**

None.

**5. CONCLUSION**

**5.1 The Council's External Auditor has issued an opinion with no qualifications for the 2021/22 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.**

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Background Papers: Held in Financial Services  
Ref: SPMAN-1293228629-758

