

Agenda Item	4a
Report No	AC/02/24

THE HIGHLAND COUNCIL

Committee: Audit Committee

Date: 24 January 2024

Report Title: **Audited Accounts 2022/23**

Report By: Head of Corporate Finance

1. **Purpose/Executive Summary**

- 1.1 To present the audited accounts of The Highland Council for financial year 2022/23.
- 1.2 To explain the impact of changes made during the audit process.

2. **Recommendations**

- 2.1 Members are asked to:
 - i. Approve the audited accounts for signature.

3. **Implications**

- 3.1 **Resource** - The audited annual accounts documents provide details of the overall financial position for the Highland Council as at 31 March 2023. Changes from the unaudited annual accounts presented in June are noted in section 5 below with there being no direct implications to the level of resources available for use to the Council.
- 3.2 **Legal** – The Council is required to complete and publish an externally audited set of accounts each financial year. This report and the corresponding audit report fulfil the Council's obligations in this regard.
- 3.3 **Community (Equality, Poverty, Rural and Island)** – none
- 3.4 **Climate Change / Carbon Clever** – none
- 3.5 **Risk** – none, this report and accompanying external audit report conclude the Council's obligations regarding Annual Accounts for the year.

3.6 **Gaelic** – none

4. **Annual Accounts**

4.1 The final full audited Annual Accounts document for 2022/23 will be available from the link below on the Council website in advance of the Audit Committee meeting. This link may not be live at the point agenda and papers are issued, but will be as soon as possible thereafter, and Committee members will be notified.

[Annual accounts | Audited Accounts April 2022 to March 2023 \(highland.gov.uk\)](https://www.highland.gov.uk/annual-accounts)

5. **Effect of Audit Changes**

5.1 There have been no audit changes which affect the net revenue out-turn position of the Council or the level of useable reserves.

5.2 The only audit adjustment made to the main statements of the annual accounts was in relation to the valuation of the pension asset as noted in the Audit Report. An actuarial valuation report is provided yearly by the Council's actuaries with 2022/23 being the first year a significant net pension asset position was calculated for Highland as well as for other Local Authorities. Therefore, to comply with accounting standards further calculations were required from the actuaries to calculate an asset ceiling for the pension asset which was not available at the time of the unaudited accounts.

5.3 The changes resulting from this adjustment have reduced the overall Total Comprehensive Income in the Accounts by £178.372m and decreased the value of the pension asset and pension reserve shown in the balance sheet by the same. As this relates to changes within the pension reserve, which is one of the Council's **unusable** reserves on the balance sheet, it has not impacted on the level of resources available to the Council.

5.4 Other changes from the previously presented unaudited accounts have been largely presentational in nature with no impact to the Council's overall financial position or the level of resources available and as such are not included within the Audit Report. These changes include:

- Expanding on the management commentary to improve the quality of the disclosures.
- Inclusion of trade union information that is unavailable at the time of the unaudited accounts and not subject to audit.
- Restatement within prior year Cash Flow note 16 to correct a compensating misclassification within financing activities receipts and repayments. This had no overall impact on the level of cash and cash equivalents held by the Council.
- Other updates within notes have expanded upon previous disclosures or updated figures based on audit findings with no impact to the Council's main financial statements.

Designation: Head of Corporate Finance

Date: 09 January 2024

Author: Rachel Macdonald, Principal Accountant

Background Papers:

https://www.highland.gov.uk/download/meetings/id/81832/item_9_annual_accounts_for_the_year_to_31_march_2023_and_near-final_revenue_out_turn_for_the_year