

# REPORT TO THE FINAL ACCOUNTS AND AUDIT COMMITTEE

Report No. 7

<b>Date of Meeting</b>	25 September 2007
<b>Title of Report</b>	Statement of Accounts 2006/07
Link to Corporate Priorities	All
Public Report	Yes

## Summary of Report

This report sets out amendments to the Council's draft Accounts for 2006/07 and presents the audited Accounts for 2006/07.

## Officer Recommendations

1. That the Committee notes the external auditor intends to issue an unqualified opinion on the Council's Accounts.
2. That the Head of Finance & Resources will take forward the actions as detailed in the District Audit Annual Governance report, Appendix 1. (Presented in a report elsewhere on this Agenda).
3. Agrees to the sending of the Letter of Representation in response to the audit.

Other than those implications agreed with the relevant Officers and referred to below, there are no other implications associated with this report.

Financial Implications	Legal Implications	Community & Environmental Implications	Human Resources Implications	Equality & Diversity Implications
Yes	Yes	None	None	None

<b>Contact Officer</b>	Stuart McGregor, Head of Finance & Resources, 01249 706219 <a href="mailto:smcgregor@northwilts.gov.uk">smcgregor@northwilts.gov.uk</a>
------------------------	--

## 1. Introduction

- 1.1 The Council's draft Accounts for 2006/07 were presented to, and approved at the Committee's meeting on 28 June 2007. The Audit Commission have completed their audit of the Accounts, and their Annual Governance Report is on this Committee's agenda. Their report gives further information on the audit approach, their main conclusions and the auditor's opinion on the financial statements.
- 1.2 The auditor intends to issue an unqualified opinion on the Council's Accounts.

## 2. Background Information

- 2.1 The Final Accounts Audit concluded that the Authority has adequate arrangements in place for the production of the financial statements but that significant scope exists to improve arrangements next year. A number of recommendations for improvement have been made and these will be addressed prior to the completion of the Final Accounts for 2007/08.
- 2.2 The Audit Commission's Annual Governance Report notes that none of the uncertainties or errors identified in the Final Accounts Audit were material. However, cumulatively, the errors were considered to be material to the accounts. As a result the Finance staff have amended the accounts to correct the most significant items in the revised Accounts. These items are shown in the table below:

Issue	Value of Misstatement* £	Impact on Surplus or (Deficit) £
Adjustment as a result of finalisation of the Housing Benefit claim. Other benefit changes	694,914 711,431	694,914 (485,000)
Deferred charges adjustment to income and expenditure account to reflect SORP requirements.	3,358,867	Neutral
Government grants have not been amortised to the general fund. Reduction in Government grant deferred account, general fund and reversed out	1,129,461	Neutral
Cashflow – movement in cash misstated	1,530,000	Neutral
Council tax prepayments misstated as a netting off of arrears	523,000	Neutral
STRGL starting point misstated	3,461,000	Neutral
Debtors misstated net of bad debt	1,870,000	Neutral

(Note: \* The absolute value is reflected, ie +10 –10 = 20 whilst impact = Neutral)

- 2.3 Amendments were made to various notes to the Accounts, including related party transactions, non-operational assets and pension fund disclosures to comply with accounting requirements. These did not have an impact on the financial statements.
- 2.4 Some other non-material errors have also been corrected in the revised Accounts, leaving the remainder to be corrected next year, in line with the recommendations

made by the Audit Commission on actions that can be taken to improve arrangements further for next year.

2.5 The revised General Fund balance at the end of 2006/07 is £4.240 million (this compares with £4,031 million reported in June 2007).

2.6 The audited Accounts are attached as Appendix 1 to this report.

### 3. Financial Implications

3.1 The audit fee for the 2006/07 accounts and use of resources, is £97,225.00.

3.2 Other financial implications are included in the body of the report.

### 4. Legal Implications

4.1 The Accounts and Audit Regulations 2003 require the Council to report to Members on the audited Accounts. The Auditor is also required to present a report on the financial statements to those charged with governance.

<b>Appendices:</b>	<ul style="list-style-type: none"> <li>• <b>1. Council's Audited Accounts for 2006/07</b></li> </ul>
<b>Background Documents Used in the Preparation of this Report:</b>	<ul style="list-style-type: none"> <li>• <b>Working Papers supporting the Audited Accounts for 2006/07 (maintained by the Finance Team)</b></li> </ul>

#### Previous Decisions Connected with this Report

<b>Report</b>	<b>Committee &amp; Date</b>	<b>Minute Reference</b>
Statement of Accounts 2006/07	Final Accounts & Audit Committee – 28 June 2007	