

REPORT TO THE FINAL ACCOUNTS & AUDIT COMMITTEE Report No.9

Date of Meeting	26 September 2006
Title of Report	Council's Audited Accounts 2005/06
Link to Corporate Priorities	All
Public Report	YES

Summary of Report

This Report sets out amendments to the Council's draft Accounts for 2005/06 and presents the audited Accounts for 2005/06.

Officer Recommendations

That the Committee notes the external auditor intends to issue an unqualified opinion on the Council's Accounts.

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

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1. Introduction

- 1.1 The Council's draft Accounts for 2005/06 were presented to, and approved at the Committee's meeting on 29 June 2006. 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 2006/07.
- 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. Page numbers refer to the audited Accounts in Appendix 1:

Issue	Page no. in Appendix 1	Value of Misstatement £	Impact on Surplus or (Deficit) £
The Government Grants Deferred account has now been matched to the depreciation of assets which had been funded by Government grants since 2003/04	14, 26	489,000	Neutral
The figures in the Collection Fund for the NNDR (National Non Domestic Rate) pooling have been corrected	9, 14, 22, 26	429,000	Neutral
A difference between the balance shown on the ledger for the PFI (Private Finance Initiative) sinking fund and the bank statement has been reconciled	9, 14, 26	13,000	13,000
The CRA (Consolidated Revenue Account) has been adjusted to take account of an amendment made to the 2004/05 NNDR grant claim	9	5,000	(5,000)
The payments due on the Pooling of Housing Capital Receipts have been disclosed on the CRA	8, 9, 14, 18, 26,	7,000	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 2005/06 is £5.168 million (this compares with £5.128 million reported in June).
- 2.6 The audited Accounts are attached as Appendix 1.

3. Financial Implications

- 3.1 The Audit Commission wrote to the Council in February 2006, to say that the introduction of the International Standards of Auditing would apply to the audit of the Council's financial statements for the year 2005/06 (and thereafter). They indicated that the application of these Standards would require additional audit work and would have a consequent impact on the audit fee. In the Annual Governance Report later on this agenda, the audit fee has been increased by £6,790 to cover additional costs incurred in undertaking the Final Accounts Audit. It is anticipated that these costs will be covered within existing resources.
- 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.

Appendices:	<ul style="list-style-type: none"> 1. Council's Audited Accounts for 2005/06
Background Documents Used in the Preparation of this Report:	<ul style="list-style-type: none"> Working Papers supporting the Audited Accounts for 2005/06 (maintained by the Finance Team)

Previous Decisions Connected with this Report

Report	Committee & Date	Minute Reference
Council's Accounts 2005/06	Final Accounts & Audit Committee – 29 June 2006	FA10