

REPORT TO: Final Accounts & Audit Cttee

Report No. 7

Date of Meeting	30 June 2008
Title of Report	Statement of Accounts 2007-08
Portfolio	Leader's Responsibilities
Link to Corporate Priorities	All
Key Decision	Yes
Executive Workplan Ref	N/A
Public Report	Yes

Summary of Report

To present the 2007-08 Statement of Accounts to the Final Accounts and Audit Committee.

Officer Recommendations

- 1 That the Committee reviews the 2007-08 Statement of Accounts and indicate whether there are any concerns arising that need to be considered.
- 2 That the revised General Fund balance be noted.
- 3 That subject to any comments arising at 1 above, the Committee adopt the attached Statement of 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

Contact Officer

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1 Introduction

- 1.1 The Accounts and Audit Regulations 2003 require the Council to formally approve the Statement of Accounts by 30 June and publish them by 30 September 2008.
- 1.2 The attached Statement of Accounts (SOA), at Annex 1, will be presented to the External Auditor on 1 July 2008.
- 1.3 Due to the unique way in which the accounts have been structured in North Wilts, it takes more resources, both in time and effort, to produce the accounts. This is further explored in Section 5 below. The upshot is that the accounts represent the final draft of the Statement of Accounts for approval and first signature purposes. A more 'polished' version will be made available for public scrutiny prior to the Auditors public question period. The accounts are not truly finalised until the auditor formally signs them off

2 Options and Options Appraisal

- 2.1 Option 1: to agree the recommendations;
- 2.2 Option 2: to not approve the recommendations. If this were the case, the Council would be in breach of the regulations.

3 Background Information

- 3.1 The information will be available to the general public through the statutory deposit period, 18 July 2008 to 15th August 2008 during Council Office opening hours, or online. During that time, members of the public may view documents and ask questions. On 18th August 2008, the auditor will give any elector, or their representative, an opportunity to question him/her about the Accounts.
- 3.2 Any material changes arising from the audit of the 2007-08 accounts, will need to be reported back to a future meeting of the Final Accounts and Audit Committee.
- 3.3 Compared to the position as previously reported to the Executive, the Council's General Fund balance has increased to £7.347M.
- 3.4 In addition to the General Fund, the Council also maintains Earmarked Reserves for specific purposes for use during 2008/09 or later years. These have increased to £7.642M and include sums for insurance, concessionary fares, Section 106 funds and unitary transition costs.
- 3.5 The detailed format of the annual Statement follows guidance issued by CIPFA/LASAAC. The format of the Statement can change from year to year to reflect new requirements or changes in Best Practice.
- 3.6 Adherence to the guidance will contribute to higher scores within the Comprehensive Performance Assessment (CPA), Use of Resources section.

The Collection Fund

- 3.7 The Collection Fund had an in-year surplus of £1.237M resulting in an overall surplus of £2.550M. It was estimated in January 2008 that the surplus would be £2.014M and this was apportioned between precepting authorities when setting the budgets for 2008-09. The increase in the outturn, compared to the January estimate, will be swept up in setting the level of Council Tax for 2009-10.

Objections

- 3.8 There were no objections to the 2006-07 Statement of Accounts. The Audit Commission did not qualify the 2006-07 accounts, when considering the true and fair view of the authorities accounts.

4 Legal Implications

- 4.1 Legal – The Statement of Accounts is a statutory document, which needs to be approved by the Council (or delegated Committee) by 30 June 2008 for the 2007-08 financial year.

5 Financial Implications

- 5.1 As stated at 1.3, and in the prior year report to this committee, the accounts in North Wilts are structured in a unique way. This hinders all accounting activity, and particularly the closure of accounts. Working around this problem is expensive, in terms of time and resource. The solution was to have been the introduction of a new accounting system, but this was cancelled with the advent of unitary. Some investment (training and six days consultancy support) has been made to the current system to enable the finance team to complete the accounts in house this year, with minimal external support. Three examples will illustrate this.

- The account closure process is complicated by the way the system is structured and by its inflexibility in reporting. The system has been developed over a number of years in a piece-meal and haphazard way with the emphasis on activity reporting rather than for statutory purposes. Because of inherent flaws in the system that have been exacerbated by poor development, the system is unable to provide information that is easy to reconcile at different levels. An example of this is its ability to report a Trial Balance but its inability to produce separate Balance Sheet and Income & Expenditure reports. This results in information being transferred to spreadsheets and adjustments being done on these reports and not necessarily in the main accounts system. As a consequence, one of the major problems has been to ensure the integrity of information produced.
- It is normal practice to separate the capital and revenue costs. The in-house treatment does not do this, mixing capital and revenue. A time-consuming process of extracting the capital items has to take place in order to understand what is happening. Similarly, codes are mixed up between the Balance Sheet and the other accounts (holding and control).

- The accounts report in one way, which is different from that used to report to Members. Normal practice is to have several reporting 'hierarchies' working from the same base data. The in-house practice is to have only one reporting hierarchy (BV-ACOP), so that a manual translation exercise has to be undertaken to put the information into a form (management accounts) that can be compared with that reported previously to Members.

6 Risk Analysis

- 6.1 The Council's General Fund balance as at the 31st March 2008 was £7.347M. This excludes balances that have been earmarked for use of £7.642M.
- 5.2 Other Implications – there are Comprehensive Performance Assessment implications on the timing of the approval of the Annual Governance Statement and Statement of Accounts.

Annexes:	<ul style="list-style-type: none"> • Annex 1 – Statement of Accounts 2007-08 • Annex 2 – Movement in Earmarked Balances
Background Documents Used in the Preparation of this Report:	<ul style="list-style-type: none"> • Working papers

Previous Decisions Connected with this Report

Report	Committee & Date	Minute Reference
Revenue Monitor 2007-08 – Month 13	Executive 18 June 2007	