

Report to: **Special Audit Committee**  
Date: **27<sup>th</sup> June 2007**  
Report of: **Director of Finance and Corporate Services.**  
Subject: **Statement of Accounts incorporating the Statement of Internal Control  
2006/7**  
Ward: **All**

## **1.0 Purpose of the Report**

1.1 To review the Statement of Accounts for 2006/7, to consider whether appropriate accounting policies have been followed and whether there are any concerns arising from the financial statements that need to be brought to the attention of the Council. The statement of accounts was circulated as a separate document.

## **2.0 Consultation**

2.1 The Statement has been prepared by the Financial Management Unit from statements and information provided by staff responsible for budgets. The statement has been distributed to the Management Team.

## **3.0 Background**

3.1 Whilst this is only the second time the Statement of Accounts has been considered by this Committee there have been significant amendments to the format following a national review of the position. We have implemented the changes in accordance with the Code of Practice on Local Authority Accounts as compiled by the Chartered Institute of Public Finance Accountants (C.I.P.F.A.).

3.2 The Statement of Accounts is very technical in nature and not necessarily appealing to most readers due to the rigid format however a great deal of effort has gone into its production. The statements provide a comprehensive picture of the District Council's financial circumstances for the financial year ending 31<sup>st</sup> March 2007 and inform us how we did in terms of results against budget giving reasons for variations. From the balance sheet we can assess and test our financial strength by looking at our reserves ensuring that they are regularly reviewed.

3.4 Even though the accounts are subject to audit they will give members the assurance that we are in fact travelling in the direction of the plan illustrated in the budget and whether or not there are obstacles ahead. The statements also provide a useful tool to take stock and use the results to inform future plans such as the medium term financial strategy, which is reviewed in September.

3.5 We must also remember that we as members and officers are accountable for significant sums of public money entrusted to us and the accounts as well as reflecting financial results should give an assurance to members that our internal controls and financial management arrangements are in place and effective.

## **4.0 The Statement of Accounts**

4.1 The Committee is required to review the accounts and I recognise the statements can be daunting given the technical content. Hopefully reference to the following will help:

- Explanatory Foreword

- A summary of the statutory financial statements for the year.
- A schedule of Variances for the year.
- A schedule of the Earmarked Reserves.

### *Explanatory Foreword*

- 4.2 The Explanatory Foreword on page 2 of the Statement of Accounts is my attempt to explain the purpose and format and in the Summary of Accounts beginning on page 4 I have tried to provide the key messages and bring together the high level issues from the accounts.

### *Summary of the Statutory Financial Statements for the year*

- 4.3 Appendix 1 is a short summary highlighting the more important aspects of the accounts, considering the results and what the balance sheet is telling us about the council's financial position.
- 4.4 The summary will hopefully promote debate around the principles and the main messages from the statements. The summary is linked to the statement of accounts and the key messages from the accounts are contained in the explanatory foreword described above.

### *Schedule of Variances for the Year*

- 4.5 Although detailed, to assist further I have also included details of the variances, which were included in the outturn report to the Executive. (Appendix2).

### *Schedule of Earmarked Reserves*

- 4.6 Appendix 3 includes details of the specific/earmarked reserves.

## **5.0 Statement of Internal Control and Corporate Governance (SIC)**

- 5.1 The Statement of Internal Control and Corporate Governance is contained within the Statement of Accounts on pages 64 to 67. This Committee was presented with the SIC on the 14<sup>th</sup> June where it was considered appropriate to be included in the Statement of Accounts 2006/7.

## **6.0 Implications**

### **6.1 Policy**

None

### **6.2 Financial**

None

### **6.3 Legal**

None

### **6.4 Risk**

None

### **6.5 Communications**

None

### **6.6 Corporate Implications**

None

6.7 **E Government**

None

6.8 **Procurement**

None.

6.9 **Equality and Diversity**

None

7.0 **Recommendations**

7.1 The Committee is asked to review the Statement of Accounts for the year ended 31<sup>st</sup> March 2007 as circulated.

**Background Papers**

Budget Report 2006/7 - Extraordinary Council Meeting 25/2/2006

Budget Report 2007/8 – Extraordinary Council Meeting 21/2/2007

Cost Tabulations/Working Papers - Financial Management System 2005/6 & 2006/7

Budget Monitors - Financial; Management System

Thb/OUTTURNAUDITCTTEE27062006

=

**Item no.**