

Report to: **Special Audit Committee**  
Date: **26<sup>th</sup> June 2008**  
Report of: **Director of Finance and Corporate Services.**  
Subject: **Statement of Accounts incorporating the Annual Governance Statement  
2007/8**  
Ward: **All**

## **1.0 Purpose of the Report**

1.1 To review the Statement of Accounts for 2007/8, 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 of Accounts 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 It is now practice for the Statement of Accounts to be presented for consideration by this committee. I'm pleased to report that amendments to the format this year are limited when compared to last years accounts but nevertheless there have been some changes. However these have been implemented 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 as in previous years we try to improve year on year and it is hoped after last years changes it is more understandable. The statements provide a comprehensive picture of the District Council's financial circumstances for the financial year ending 31<sup>st</sup> March 2008 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 which have been 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.

3.5 Even though the Council will cease to exist from April 2009 we must remember that over that period 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 to the report 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 material variances, which were included in the outturn report to the Executive. (Appendix2). Variances which occurred after the last monitor are shaded and set out below are some of the reasons why there are elements of late reporting: -

- Further changes in income and expenditure since February.
- Cost pressures which may have emerged due to situations out of our control.
- Implementation issues around new initiatives.
- Technical accounting adjustments which are applied at the end of each year and which cannot be monitored by managers.
- Strategic financial decisions undertaken by me as the council's statutory finance officer..
- Budget holders take financial responsibilities very seriously and make every effort to square budgets right up to the year end, on occasions it is not achieved.

## Earmarked Reserves

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

## **5.0 Annual Governance Statement (AGS)**

- 5.1 The AGS is contained within the Statement of Accounts on pages 70 to 74. This Committee considered the AGS on the 22<sup>nd</sup> May where it was considered appropriate for inclusion in the Statement of Accounts 2007/8.

## **6.0 Implications**

- 6.1 **Policy**  
None
- 6.2 **Financial**  
None
- 6.3 **Legal**  
None
- 6.4 **Local Government Review**  
None
- 6.5 **Risk**  
None
- 6.6 **Communications**  
None
- 6.7 **Corporate Implications**  
None
- 6.8 **E Government**  
None
- 6.9 **Procurement**  
None.
- 6.10 **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 2008 as circulated.

**Background Papers**

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

Budget Report 2008/9 – Extraordinary Council Meeting 22/2/2008

Cost Tabulations/Working Papers - Financial Management System 2007/8

Budget Monitors - Financial Management System

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