

TEESDALE DISTRICT COUNCIL

**Report To: COUNCIL
29 September 2008**

From: Lead Member for Resources: Councillor G K Robinson

Ward Member: All

Subject: AUDITED STATEMENT OF ACCOUNTS 2007/08

1.0 SUMMARY

1.1 The purpose of this report is to request approval of the audited statement of accounts for the financial year 2007/08 as attached at Appendix A.

2.0 RECOMMENDATION(S)

2.1 It is recommended that

2.1.1 The audited statement of accounts for the financial year 2007/08 is approved.

3.0 LINK TO CORPORATE KEY PRIORITIES/AMBITIONS

3.1 Priority: Improving Together

3.2 Ambition: Maximising Resources

3.3 Outcome: The audited statement of accounts for 2007/08 is approved by the statutory deadline of 30 September 2008.

4.0 BACKGROUND

4.1 The unaudited statement of accounts for the financial year 2007/08 was approved by Council at its meeting on 30 June 2008.

4.2 The Audit Commission has now completed the audit of the statement of accounts and issued a draft Annual Governance Report (also considered on this agenda). The Audit Commission has identified a small number of amendments to the statement of accounts and highlighted two areas that will be addressed during the current financial year.

5.0 AMENDMENTS TO THE STATEMENT OF ACCOUNTS

5.1 The following amendments have been identified during the audit of accounts and the statement of accounts has been updated accordingly:

- 5.1.1 The FRS17 calculation provided by the actuary and used in the unaudited Statement of Accounts understated the Pension Fund assets relating to Teesdale by £510,000. The Balance Sheet has been amended by reducing the pension scheme liabilities and increasing the balance on the pensions reserve, and the Statement of Total Recognised Gains and Losses have been amended by increasing the actuarial gain by £510,000. The disclose note has also been amended.
- 5.1.2 Payments to the national business rates pool of £520,784 were incorrectly posted to income collectable from business rate payers resulting in both of these entries being understated. These entries have been amended without any impact on the Collection Fund balance.
- 5.1.3 A supporting note on borrowing has been added to the Notes to the Core Financial Statements.
- 5.1.4 The disclosure note relating to audit fees has been amended to show the level of fees payable in respect of 2007/08 instead of the level of fees actually paid.
- 5.1.5 The opening Balance Sheet had been restated in line with the new accounting requirements for financial instruments applicable to 2007/08; this has been reversed in accordance with SORP requirements.
- 5.1.6 Some errors in the Explanatory Foreword – rounding differences, an incorrect note number reference and an adjustment of £148 to useable capital receipts – have been amended.
- 5.2 None of the above amendments have any impact on the surplus or deficit and therefore balance of any of the Council's funds or reserves.

6.0 OTHER ISSUES

- 6.1 There were two areas identified during the audit of accounts that will be addressed during 2008/09:
- 6.1.1 The Market Place toilets were reclassified during the closure of accounts from operational to surplus and available for disposal. This was because the toilets had been closed since April due to a budget decision, and their disposal had been proposed. A revised valuation was sought from the Council's valuers during the year to inform the marketing of the toilets, but the valuer was unable to provide a valuation. Advice will be obtained in relation to the value of this asset as a part of the annual impairment and enhancement review that will be undertaken at the end of the current financial year.
- 6.1.2 The provision for bad debts for non-domestic rates has been maintained at a fixed cash level for a number of years on the basis that

the debt is due to the government and is only collected by this authority. As recovery of business rates has improved significantly in recent years the provision is now comparatively high and will be reviewed during the closure of the 2007/08 accounts.

6.0 **STATUTORY CONSIDERATIONS**

6.1 Financial Implications: None

6.2 Risk:

Risk	Category	Implications
The audited statement of accounts is not approved by 30 September 2008	Legal, Reputational	There is a statutory requirement for the audited statement of accounts to be approved by 30 September.

6.3 Equality and Diversity: None

6.4 Human Resources: None

6.5 Community Safety: None

6.6 Legal Issues:

The SORP specifies the accounting principles and practices required to prepare a statement of accounts that presents fairly the financial position and transactions of local authorities in accordance with the legislation that determines proper accounting practices:

- The Local Government Act 2003
- The Accounts and Audit Regulations 2003
- The Audit Commission Act 1998

Background papers:

1. Code of Practice on Local Authority Accounting in the United Kingdom – A Statement of Recommended Practice 2007
2. SORP Guidance Notes for Practitioners

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