

REPORT FOR DECISION

Agenda Item	
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MEETING: AUDIT COMMITTEE

DATE: 28 JUNE 2007

SUBJECT: 2006/07 STATEMENT OF ACCOUNTS

REPORT FROM: EXECUTIVE MEMBER FOR QUALITY COUNCIL (RESOURCE AND PERFORMANCE)

CONTACT OFFICER: Mike Owen – Director of Finance and E-Government

TYPE OF DECISION: Council

REPORT STATUS: For Publication

PURPOSE/SUMMARY:

The report asks Members to consider and, if appropriate, approve the Authority's Statement of Accounts for the financial year ended 31 March, 2007.

Members are asked to note that the Accounts have been prepared in accordance with the statutory deadline for 2006/07 (see par. 1.1).

A presentation will be made at the meeting that provides an interpretation of the accounts and will highlight the key issues that Members need to be made aware of. This will be accompanied by an Explanatory Note covering the points made in the presentation.

If approved, a copy of the pre-audited accounts will be placed on the Internet for viewing. In order to make the accounts easier to understand, a summary of the pre-audited accounts will also be available for viewing.

OPTIONS AND RECOMMENDED OPTION (with reasons):

Members can:

- Approve the Statement of Accounts for the 2006/07 financial year in line with the provisions of the Accounts and Audit Regulations 2003; approve the financing of the Capital Programme as outlined in Note 35 to the Core Financial Statements; OR
- Request changes to the Statement of Accounts whilst meeting with the provisions

of the Accounts and Audit Regulations 2003 and/or the financing of the Capital Programme outlined in Note 35 to the Core Financial Statements.

Members are asked to note the renaming of the ICT Reserve

IMPLICATIONS -

Financial Implications and Risk Considerations

See Statement by DoFEG below

Corporate Aims/Policy Framework:

Do the proposals accord with the Policy Framework? Yes. The successful performance of the Council's financial resources supports the delivery of its corporate aims and objectives. The final position of the Council's financial resources will impact on the achievement of all the authority's policies.

Are there any legal implications? Yes

Considered by Monitoring Officer:

Yes. The production of the Authority's statutory accounts is a requirement of the Local Government Act 1972 and has been undertaken in compliance therewith and the Council's Financial Regulations (Financial Regulation A: Financial Management: 3.8.5). The report accords with the Council's Policy and Budget Framework and has been produced in accordance with all relevant Statutory Guidance and Codes of Practice.

Statement by Director of Finance and E-Government:

The Statement of Accounts reflects the Authority's financial performance during 2006/07 and helps to shape budget strategy in future years.

Staffing/ICT/Property:

There are no direct Human Resource / IT / land and Property implications arising from this report.

Wards Affected:

All

Scrutiny Interest:

Falls under the remit of the Resource and Performance Scrutiny Panel.

TRACKING/PROCESS

DIRECTOR: Mike Owen

Chief Executive/ Management Board	Executive Member/ Chair	Ward Members	Partners
Yes	Yes		
Scrutiny Panel	Executive	Committee	Council
Resource and Performance Scrutiny Panel	No		

1.0 INTRODUCTION

- 1.1 Under the terms of the Accounts and Audit Regulations 2003 each year the Authority is required to produce, and have approved, the Statement of Accounts before 30 June following the Balance Sheet date.
- 1.2 Once the Accounts have been approved they are subject to audit by, in our case, KPMG and a final copy of the Accounts containing the auditor's certificate and opinion must then be published on or before the statutory publication date 30 September.
- 1.3 The 2006/07 Statement of Accounts has been prepared in accordance with the statutory deadline for this year.
- 1.4 During the audit process the Accounts are 'placed on deposit' for 20 working days and during this time they are available for inspection by members of the public. At the end of this period the auditor is available for questioning by the public. This matter, and the dates on which the Accounts are on deposit, is advertised in the local press and for Members' information the 2006/07 Accounts will be available for inspection at Bury Town Hall between 2nd July and 27th July (during normal office hours; contact the Director of Finance and E-Government on 0161 253 5002).
- 1.5 The figures shown within the Statement of Accounts correspond with the results which will be reported within the Corporate Revenue and Capital Outturn Reports. These will be considered by the Resource and Performance Scrutiny Panel on 23 July 2007 and by the Executive on 12 September 2007, and will contain details of the Council's financial performance against budget and make recommendations on the application of carry-forward requests into 2007/2008 together with their impact on the use of general fund balances.
- 1.6 Decisions of the Executive will then be reported back to the Audit Committee on 19 September 2007 when the audited Statement of Accounts is presented for approval.

2.0 THE FORMAT OF THE ACCOUNTS

- 2.1 The Statement of Accounts is attached at Appendix A and it contains the following financial statements:-
 - § An Introduction by the Executive Member for Quality Council (Resource and Performance)
 - § An Explanatory Forward
 - § Summary of the Council's Financial Results
 - § Statement on Internal Control
 - § Core Financial Statements
 - § The Income and Expenditure Account
 - § Statement of the Movement on the General Fund Balance
 - § Statement of Total Recognised Gains and Losses
 - § Balance Sheet
 - § Cash Flow Statement
 - § Notes to the Core Financial Statements
 - § The Housing Revenue Account
 - § The Collection Fund

§ Group Accounts

- 2.2 A brief explanation of the purpose of these statements is given in the Explanatory Forward, on page 13 of the Accounts.
- 2.3 The figures shown in the various Statements are presented subject to audit.
- 2.4 The format and contents of the Accounts are laid down in regulations and in the Code of Practice on Local Authority Accounting which we are required to follow. As a result the Authority has little or no discretion over what is shown.
- 2.5 The Council has continued to investigate ways in which the Accounts can be made more accessible to the community at large, especially through the use of plain English, summary information and through the internet. Similar to previous years, the 2006/07 Accounts can be translated into 5 different languages if required and can be made available in Braille and large print. Following ongoing consultation with members of the public during 2006/07, a quick and easy summary format of the accounts in order to make the accounts easier to understand and more informative, will continue to be provided, together with a feedback questionnaire to help make improvements to the document. These will again be placed on the Council's website and this facility will again be advertised in the local press. We will ensure that the Accounts will continue to be presented in the professional format adopted last year on conclusion of the audit.
- 2.6 A copy of the 2006/07 Summary Accounts will be distributed at the meeting. We are currently working with professional designers and printers in order to produce a more professional document upon completion of the audit and your comments on the design, layout and contents of the draft summary of accounts are welcomed.

3.0 AUDIT CONSIDERATIONS

- 3.1 For the 2006/07 financial year there is the continuation of the important development in the responsibilities of auditors in relation to any misstatements that they discover in the course of their work. Under International Standard of Auditing (UK and Ireland) (ISA (UK+I)) 330, auditors plan and perform their audit to provide reasonable assurance that the financial statements are free from material misstatement.
- 3.2 However, in carrying out their work, they will also happen across other misstatements and omissions that are not material. ISA (UK+I) 260 "*Communication of Audit Matters with those Charged with Governance*" requires auditors to report to Members **all** misstatements that have been advised to officers but not adjusted for.
- 3.3 Any misstatements will be reported at the meeting of the Audit Committee following the completion of the audit.

4.0 TECHNICAL CHANGES

4.1 The main changes that have impacted on the Accounts for 2006/07 are:

Changes to the single entity statement of accounts comprising the replacement of the Consolidated Revenue Account and Statement of Total Movement on Reserves with an Income and Expenditure Account, Statement of Movement on the General Fund Balance and Statement of Total Recognised Gains and Losses (STRGL). Details explaining the difference between these statements can be found on Page 43 of the accounts.

The requirement to group the 'core' single entity financial statements together (i.e. Income and Expenditure Account, Statement on the Movement on the General Fund Balance, STRGL, Balance Sheet and Cash Flow Statement) followed by notes to the core statements followed by the 'supplementary' statements (e.g. Housing Revenue Account and Collection Fund) with the notes to each supplementary statement following the statement.

Changes to the format of the Housing Revenue Account to bring it in line with the new single entry format. The Housing Revenue Account now comprises:

- Housing Revenue Account Income and Expenditure Account
- Statement of Movement on the Housing Revenue Account Balance

The removal of the requirement to make a capital financing charge.

Changes in the format of the Group Accounts aimed at removing unnecessary differences between the format of the Group Accounts and the single-entity accounts.

A new section on the accounting requirements for the Landfill Allowances Trading Scheme (England).

The Statement on Internal Control and the Statement on the System of Internal Financial Control has been amended to clarify that the Statement on Internal Control (SIC) and the Statement on the System of Internal Financial Control (SIFC) should embrace controls over group activities where an authority undertakes significant activities through a group.

4.2 The ICT Reserve has been renamed the Transformation Reserve to reflect the next stage in the authority's modernisation journey and a sum of £0.5m has been earmarked within the Reserve for Invest to Save schemes to support the efficiency programme.

Councillor Peter Redstone
Executive Member for Quality Council (Resource and Performance)

Background documents:

Various final accounts working papers held in the files of the Head of Financial Management.

For further information on the details of this report, please contact:

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