

Committee: OPERATIONS
Date: 29 June 2006
Title: Statement of Accounts 2005/06

Agenda Item

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Summary

1. This report presents the Council's draft Statement of Accounts for 2005/06 and gives a brief summary of the outturn compared to budget.

Recommendations

2. This Committee is recommended to approve the draft Statement of Accounts for the financial year ended 31 March 2006, subject to audit.

Background Papers Background Papers

3. 2005-06 Final Accounts working papers.

Impact

Communication/Consultation	There are no specific communication or consultation implications contained in this report
Community Safety	There are no specific community safety implications contained in this report
Equalities	There are no specific equalities implications contained in this report
Finance	The Statement of Accounts represent a key indication of the Council's financial health
Human Rights	There are no specific human rights implications contained in this report
Legal implications	The Statement of Accounts has to comply with the legal requirements relating to the Council's finances
Ward-specific impacts	There are no specific ward implications contained in this report
Workforce/Workplace	There are no specific workforce/workplace implications contained in this report

Situation

4. The Accounts and Audit Regulations 2003 set out the requirements for the production and publication of the annual Statement of Accounts. The Regulations require Authorities to approve the 2005-06 draft Statement of accounts (subject to Audit) before 30th June. This is one month earlier than the previous year and completes a three stage move to councils having their accounts approved by 30th June as opposed to 30th September as was the requirement for many years.
5. This Committee is responsible for approving the Council's Statement of Accounts, subject to audit. The draft Statements are attached to this report.
6. Prior to this approval, the Leader of the Council, the Chief Executive and the Chief Financial Officer sign the Statement on Systems of Internal Control, and the Chief Financial Officer signs the Balance Sheet and a statement certifying that the accounts present fairly the Council's financial position. After the meeting, the Chairman of this Committee signs to say that the Committee approved the draft accounts.
7. It is worth noting that the further acceleration of the timetable for preparation of the Statement of Accounts has presented particular difficulty for staff in the Financial Services Unit. The Unit continues to have vacant posts and is heavily reliant on temporary staffing resources. In addition, long serving and experienced staff have retired, resigned, or in one instance taken maternity leave since the last Statements were prepared, and this lack of continuity has added to the problems. As a guide to the Committee regarding the scale of the task involved in preparing the Statement of Accounts, over 300 working days have been spent undertaking the various tasks involved. Some of this time has been due to new requirements, and some due to the learning curve required following the loss of key staff. Some days have been due to now evident limitations in the way that the Council's financial management system is set up, and the issues regarding this are being worked on to bring improvements. To an extent then, next year's process would normally be expected to involve a reduction in the days required to achieve the timetable. However, a major re-write of the Statement of Recommended Practice (SORP) which govern council accounting statements is being implemented for the 2006/07 accounts, which will mean further very significant work being undertaken.
8. As a further indication of the detailed work required, the Committee may like to know that the Audit Commission checklist relating to capital spending, merely one element of the Statement of Accounts and which results in the production of just a few pages in the Statements, is 52 pages long. Members may also note that the Statement of Accounts for 2005/06 consists of 66 pages, compared to the 46 pages of the 2004/05 Accounts. This increase is due to the increased requirement to provide figures and explanatory notes.

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Audit of the Statements

9. The Council's external auditors, the Audit Commission, will commence their work reviewing the Accounts on 17th July and will present their opinion on the Accounts to a special meeting of the Performance Select Committee to be arranged in September this year. Following discussion with the Audit Commission and further examination of the Council's Constitution, it is now clear that this audit report (known technically as the ISA 260 report) does go to the Performance Select Committee rather than this Committee. From 24th July the Accounts will be open to inspection by the public, meaning that documents can be examined and questions asked.

Outturn compared to Budget

10. The Council's General Fund revenue expenditure outturn was £264,000 (3.6%) more than the revised net budget. Of this total variance, £288,000 was due to the under-achievement of income, mainly in development control and waste recycling. Expenditure budgets were £24,000 under-spent. Further details are contained on pages 5 and 6 of the Statements.

Pay-Offs/Penalties

11. Receipt of an unqualified opinion and audit certificate is a key indicator of the Council's financial health and ability to apply best practice in financial management. The Statement of Accounts are also a major factor in the Comprehensive Performance Assessment Use of Resources scoring system, thereby have a crucial role in the Council's next rating under this regime.

Risk Analysis

Risk	Likelihood	Impact	Mitigating Actions
That the draft Statement of Accounts contains material errors	LOW	HIGH	The SORP has been followed closely as part of the year end process