

WIRRAL COUNCIL

AUDIT AND RISK MANAGEMENT COMMITTEE

27 SEPTEMBER 2007

REPORT OF THE DIRECTOR OF FINANCE

STATEMENT OF ACCOUNTS 2006/07

1. EXECUTIVE SUMMARY

- 1.1. The Statement of Accounts for 2006/07 was approved by this Committee on 28 June 2007 and was then subject to audit. The District Auditor has reported her findings within the Annual Governance Report elsewhere on this agenda.
- 1.2. In accordance with the Accounts and Audit Regulations 2003 any amendments requested have now to be presented, along with revised accounts, for approval.

2. AMENDMENTS TO THE STATEMENT OF ACCOUNTS

- 2.1 The purpose of the Statement of Accounts is to present the overall financial position of the Council at 31 March 2007 in accordance with prescribed guidance.
- 2.2 Under the Audit Commission Act 1998 and the Audit Commission Code of Audit Practice for Local Government the District Auditor reports upon the Authority's financial statements.
- 2.3 There are number of amendments to the financial statements that have been requested by, and agreed with, the District Auditor:-

2.3.1. Balance Sheet

There were amendments involving the reclassification of debtors and creditors some of which resulted from the 'netting-off' of items within these respective categories.

The Community Fund and Housing Benefit reserves were reviewed. Given the timing and usage of the reserves amounts were transferred to provisions, rather than being held in reserves, to comply with the accounting standards.

2.3.2. Income and Expenditure Account

On further investigation the figure included in respect of overpaid Housing Benefit was reduced with a consequential impact upon the sum set aside for likely bad debts. With the difference adjusted through the Housing Benefit reserve there was no impact upon the Council balances. The revised treatment of the Community Fund and Housing Benefit reserves referred to in 2.3.1. required consequential adjustments to both the Income and Expenditure Account and the Statement of the movement on the General Fund balance.

2.3.3. Cash Flow Statement

There was an amendment to the cash outflows as an amount for interest payments was incorrectly included in the line for cash paid to employees.

- 2.4 The audit raised a number of matters that were the subject of discussion and clarification. These resulted in the changes outlined in section 2.3 and minor revisions to the disclosure notes that reflected the changes together with providing greater clarification or more up to date information.
- 2.5 None of the amendments requested by, and agreed with, the District Auditor has any impact on the financial position of the Council.

3. **CONCLUSIONS**

- 3.1 The Audit Opinion will be issued following Committee consideration of the Annual Governance Report and the approval of the amended Statement of Accounts. Once approved, the District Auditor has indicated that she will again issue an unqualified opinion and state that the accounts present fairly the financial position of the Council at 31 March 2007.
- 3.2 The Auditor's report is incorporated within the final Statement and enables the accounts to be agreed before the statutory deadline of 30 September.
- 3.3 The Statement of Accounts is a specific area assessed within the CPA Use of Resources. This assessment includes the quality and timeliness of the accounts, supporting working papers and documentation.

4. COMMENTS

- 4.1 The completion of the accounts for 2006/07 once again presented the Council with a number of challenges. With the Integrated Financial System implemented from April 2006 this was the initial year affecting all departments and which ended with the production of the first Statement of Accounts from the new system. The year also saw the successful implementation of the Integrated Tax and Benefits System that is closely linked to the financial system. Beside the technological changes, as explained to Committee on 28 June 2007, the Statement of Accounts itself was substantially revised to reflect the new statutory accounting requirements.
- 4.2 The Statement of Accounts was presented to Committee before the statutory deadline of 30 June. As in previous years further enhancements and improvements were made to the year-end process. This included the quality and content of the Statement and supporting papers. The regular dialogue with the Audit Commission allowed for improved discussion and clarification on issues raised.
- 4.3. Cabinet agreed to the strengthening of the Financial Services Division during the year and this assisted in meeting the challenges and the progress made has been recognised by the Audit Commission although there always remains scope for further improvement. Following a recent appointment the functions of consolidation, which includes the co-ordination of the budget and Statement of Accounts, and of treasury management are now undertaken by different staff giving the opportunity to address the areas for improvement.
- 4.4 In seeking to improve the standards of documentation and evidence for the Statement of Accounts, as well as in financial management and control, the Finance Department will continue to work with the Audit Commission.

5. FINANCIAL AND STAFFING IMPLICATIONS

- 5.1 The amendments made to the Statement of Accounts 2006/07 have no impact upon the financial position as at 31 March 2007.
- 5.2 There are no staffing implications arising from this report.

6. EQUAL OPPORTUNITIES IMPLICATIONS

- 6.1. There are none arising directly from this report.

7. HUMAN RIGHTS IMPLICATIONS

- 7.1. There are none arising directly from this report.

8. COMMUNITY SAFETY IMPLICATIONS

- 8.1. There are no specific implications arising from this report.

9. LOCAL MEMBERS SUPPORT IMPLICATIONS

9.1. There are no specific implications for any Member or Ward.

10. LOCAL AGENDA 21 IMPLICATIONS

10.1. There are none arising directly from this report.

11. PLANNING IMPLICATIONS

11.1. There are none arising from this report.

12. BACKGROUND PAPERS

12.1. The Annual Governance Report issued by the Audit Commission September 2007.

13. RECOMMENDATION

13.1. That the Statement of Accounts for 2006/07 be approved.

IAN COLEMAN
DIRECTOR OF FINANCE

FNCE/239/07