
AUDIT OF ACCOUNTS 2006-07

Purpose of Report

1. This report provides information on the outcome of the audit of the Council's 2006-07 Accounts and 'Use of Resources'. Approval is sought to conclude the accounts based on officers recommendations, with regard to issues arising from the audit.

Information and Analysis

2. Audit Committee approved the Council's draft Statement of Accounts for 2006-07 in June 2007. In accordance with statutory requirements the Council's external auditors, PricewaterhouseCoopers (PwC), have subsequently audited the accounts. The auditors are required by the Audit Commission's Code of Audit Practice and International Standard of Auditing number 260 (ISA260) to report to Members issues arising from the accounts audit. PWC's report is attached at **Annex 1**.
3. The auditors' ISA260 report covers their audit of the Council's 2006-07 financial statements and work they have undertaken on 'Use of Resources' under the Code of Audit Practice.
4. Members are specifically required to consider items that are classified as misstatements, which officers propose not to adjust in the accounts. Officers have discussed the misstatements in the attached PwC report and consider that none of these items are material individually, nor collectively, in the context of the Statement of Accounts as a whole. With regard to the bad debt provision, officers have agreed to review the provision in the 2007-08 accounts. The items which officers are proposing to not adjust are set out in Table 1: -

Table 1

Item	Amount £000
<i>General Fund</i>	
Treatment of disposal costs	+6
Unrecorded liabilities	+4
<i>Projected misstatement</i>	+164
Under accrual of sundry creditors	+3
Overstatement of sundry debtors	+14
<i>Projected understatement</i>	+108
Bad Debt Provision – under provision	+25
Income received for 2007/08 not included in Income in Advance	+11
Expenditure relating to 2007/08 which has not been included in Prepayments	-16

Adjustment to correct an understatement in the estimated Council Tax Subsidy Debtor	-39
Net effect – General Fund <i>(Including projected £272,000)</i>	+280

<i>Housing Revenue Account</i>	
Incorrect rounding of the consolidated rate of interest and thus the HRA Subsidy Payable	-3
Incorrect rounding of the consolidated rate of interest and thus the Interest Payable	+2
Correction of HRA interest receivable due to the Incorrect interest rate being used in the calculation	-5
Depreciation charge in the HRA (net £3,000).	+15
	-12
Net effect – HRA	-3

5. The formal objection to the accounts that was raised in relation to the 2005/06 Statement of Accounts has now been resolved and consequently the objection has been formally withdrawn.
6. The Auditors are satisfied that the issues raised by the audit that require reporting to Members are included in this report and that the duty to do so is complied with. Subject to Members' decisions resulting from consideration of this report, PwC anticipate issuing an unqualified opinion by 30th September 2007 and an unqualified Use of Resources conclusion.

Legal Implications

7. This report has been considered by the Borough Solicitor for legal implications in accordance with the Council's approved procedures. There are no legal implications which the Borough Solicitor considers need to be brought to the specific attention of Members.

Section 17

8. The contents of this report have been considered in the context of the requirements placed on the Council by section 17 of the Crime and Disorder Act 1998, namely the duty on the Council to exercise its functions with due regard to the likely effect of the exercise of those functions on, and the need to do all that it reasonably can to prevent, crime and disorder in its area. It is not considered that the contents of this report have any such effect.

Conclusion

9. The issues contained in the Auditor's ISA260 report do not materially affect the Council's financial standing or the Statement of Accounts that was approved by Audit Committee on 28th June 2007.

Recommendation

10. It is recommended that: -

- (a). The Auditor's ISA260 report on the Council's 2006-07 financial statements and use of resources be noted;
- (b). The accounts be not adjusted in respect of the items listed in table 1 of the report.

Paul Wildsmith
Director of Corporate Services

Background papers

No background papers were used other than those referred to in the report

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