

**BROMSGROVE DISTRICT COUNCIL**

**AUDIT BOARD**

**25<sup>th</sup> JUNE 2008**

**2007/08 STATEMENT OF ACCOUNTS AND GOVERNANCE STATEMENT**

Responsible Portfolio Officer	
Finance	Councillor Geoff Denaro
Performance	
Responsible Head of Service	Head of Financial Services

**1. Summary**

- 1.1 To present Members with the Statement of Accounts and Governance Statement for the year ended 31<sup>st</sup> March 2007.

**2. Recommendation**

- 2.1 To note the Governance Statement 2007/08
- 2.2 To request that Full Council approve the unaudited Statement of Accounts for the year ended 31<sup>st</sup> March 2007 in accordance with the Accounts and Audit Regulations 2003 amended 2006.

**3. Background**

**3.1. Governance Statement**

- 3.2. The Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for. The Council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness. In discharging this overall duty, the Council is also responsible for ensuring that there is a sound system of internal control which facilitates the effective exercise of its functions and which includes arrangements for the management of risk.
- 3.3. The preparation of an Annual Governance Statement is a new statutory requirement and its purpose is to provide and demonstrate that there is a continuous review of the effectiveness of the Council's internal control and risk

management systems so as to give assurance on their effectiveness and to produce action plans to address identified weaknesses.

### **3.4 Statement of Accounts**

- 3.5 The Accounts and Audit Regulations 2003 amended 2006 require that the Statement of Accounts be presented to a relevant Committee or to the Council meeting as a corporate body for approval.
- 3.6 The Statement of Accounts for 2007/08 is being reported to Members within the statutory deadline of 30<sup>th</sup> June 2008.
- 3.7 The Statement of Accounts 2007/08 is attached. All figures are subject to external audit examination. It is anticipated that the Audit Commission will begin the audit in July 2008.
- 3.8 The core financial statements are:

#### **The Accounting Statements:**

##### **3.8.1 The Income and Expenditure Account (I&E Account)**

This statement is fundamental to the understanding of the Council's activities, in that it reports the net cost for the year of all the functions for which the Council is responsible. It also shows how much is received from council tax payers and from general government grants to help meet the cost of services.

##### **3.8.2 Statement of the Movement on the General Fund Balance**

This statement shows the change in the General Fund Balance after taking into account the Council's spending against the Council tax that it raised for the year, items required to be included or excluded by statute, the use of reserves built up in previous years and contributions to Earmarked Reserves for future expenditure.

##### **3.8.3 Statement of Total Recognised Gains and Losses (STRGL)**

The I&E Account brings together all of the functions of the Council and summarises all of the resources that the Council has generated, consumed or set aside in providing services during the year. However, the Council may recognise other gains and losses in its Balance Sheet that are not debited or credited to the Income and Expenditure Account. The Statement of Total Recognised Gains and Losses brings these other gains and losses together with the surplus or deficit on the I&E Account to show the total movement in the Council's net worth for the year.

### **3.8.4 The Balance Sheet**

The Balance Sheet summarises the Council's financial position as at 31st March 2008. It includes the assets and liabilities of all activities of the Council.

### **3.8.5 The Cashflow Statement**

This summarises the cash received and payments made by the council for revenue and capital purposes in 2007/08.

### **The supplementary financial statements:**

#### **3.8.6 The Collection Fund**

The Collection Fund shows the transactions of the Council in relation to the collection of Council Tax, and National Non-Domestic Rates and the way in which these have been distributed to the preceptors, the General Fund and the NNDR Pool. It is a statutory requirement for billing authorities to maintain this account.

## **4. Statement of Accounts 2007/08 on Display**

- 4.1 As required under the Accounts and Audit Regulations 2003, the Statement of Accounts will be on public display at the Council House for 20 working days from Tuesday 1<sup>st</sup> July. During that time members of the public will be able to inspect accounts and the external auditor will be available on Tuesday 29<sup>th</sup> July to receive questions or objections on the accounts.

## **5. Financial Implications**

- 5.1 None other than included in the report and the Statement of Accounts

## **6. Legal Implications**

- 6.1 If the unaudited Statement of Accounts is not referred to Council for approval the Council will not meet its statutory responsibilities and the external auditors will report non-compliance in the Audit Management letter.

## **7. Corporate objectives**

- 7.1 Improvement Objective - The approval of the Statement of Accounts within the statutory timescale will be assessed by the external auditors in their review for the Use of Resources assessment. Preparation of the Statement of accounts with in statutory timescales is evidence of efficient and effective financial management and reporting arrangements.

## **8. Risk Management**

- 8.1 The risks associated with the delivery and quality of the Statement of Accounts are addressed as part of the Financial Services Risk Register.
- 8.2 The specific controls identified in the provision of effective and efficient Internal Audit and Accountancy services are fundamental to ensuring there are robust controls in place to deliver a solid framework for financial management and internal control.

## **9. Customer Implications – None**

## **10. Other Implications**

Procurement Issues: None
Personnel Implications: None
Governance/Performance Management: The Governance Statement demonstrates the delivery of internal control and robust arrangements for governance within the Council
Community Safety including Section 17 of Crime and Disorder Act1998: None
Policy: None
Environmental: None
Equalities and Diversity: None

## **Appendices**

Appendix A – Statement of Accounts and Governance Statement

## **Contact officer**

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