

BRIDGEND COUNTY BOROUGH COUNCIL

AUDIT COMMITTEE

24 SEPTEMBER 2008

REPORT OF THE CORPORATE DIRECTOR - RESOURCES

FINAL STATEMENT OF ACCOUNTS 2007/08

1. Purpose of this report

- 1.1 The purpose of this report is to present the Council's final Statement of Accounts for 2007/08 which is now due to be signed off by our external auditors, KPMG.
- 1.2 KPMG will update Members by way of presentation on their main findings and summarise the audit work carried out in respect of the financial year 2007/08.

2. Connections to Corporate Improvement Plan

- 2. The Council's financial performance is an important element in determining the extent to which the Corporate Objectives can be delivered.

3. Background

- 3.1 The Statement of Accounts for 2007/08 was presented to Council on the 18th June 2008. During the intervening period, the external audit has taken place resulting in a small number of amendments being made to the financial statements.
- 3.2 The audited Statement of Accounts is attached at Appendix 1 and is due to be signed off as "presenting fairly the financial position of the Council at 31st March 2008" by 30th September 2008.

4. Current Situation

- 4.1 The Council Fund surplus presented in the pre-audit Statement of Accounts was £7,767k. However, there has been a post audit adjustment increasing the Bad Debt Provision for Council Tax by £488k. The Bad Debt Provision is an accounting estimate of the amount of debts which is thought likely to be written off. The amendment to the calculation of the provision ensures that the estimate included within Debtors on the Balance Sheet is more accurate. The effect of has been to decrease the surplus on the Council Fund balance. This is detailed below:-

	£'000
Council Fund Surplus – Pre audited Statement of Accounts	7,767 Cr
Adjustment to Council Tax Bad Debt Provision	488 Dr
Council Fund Surplus – Audited Statement of Accounts	7,279 Cr

4.2 The other Post Audit Adjustments have not had an effect on the Council Fund. There were technical adjustments surrounding the treatment of financial instruments which resulted in the provision for Treasury Management in the Accounts being restated within the Income and Expenditure Account and then transferred to an Earmarked Reserve of £644k to provide for potential increases in the cost of borrowing. Also, the Resources underspend was increased by £200k following the audit of the Housing Benefits Subsidy Grant claim.

4.3 The overall effect of the adjustments on the financial reserves of the Authority can be summarised as follows, with reserves increasing by £2m for the start of the year:-

	Opening Balance 01/04/07 £'000	Movement £'000	Closing Balance 31/03/08 £'000	Pre-Audit Position Council 18/06/08
Council Fund	7,727	(448)	7,279	7,767
Delegated Schools	2,640	380	3,020	3,020
Earmarked Reserves	6,548	2,020	8,568	7,723
Total Reserves	16,915	1,952	18,867	18,510

4.4 A Letter of Representation is required by the External Audit Manager to complete the process and enable the accounts to be signed off. This is included as Appendix 2.

5. Effect upon policy framework & procedural rules

5.1 There are no implications upon policy framework and procedural rules.

6. Legal implications

6.1 There are no legal implications to this report.

7. Financial implications

7.1 These are reflected in the body of the report.

8. Recommendations

8.1 It is recommended that Members:-

- Note the audited Statement of Accounts 2007-08 (Appendix 1)
- Note and agree the Final Letter of Representation by KPMG (Appendix 2)

Gareth Moss BA (Hons) CPFA

Corporate Director - Resources

24 September 2008

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Background documents:

Bridgend County Borough Council Statement of Accounts 2007/08

Report Approval	Name	Date	Version Approved
Legal	Andrew Jolley	15/09/08	Final version
Finance	Janet Smith	15/09/08	Final version
Chief Officer	Gareth Moss	12/09/08	Final version
Cabinet Member	Cllr Huw David	15/09/08	Final version

	Name	Date	Time
Chairperson (Urgent only)			
Sent to Cabinet_Committee			