



DERBY CITY COUNCIL

**AUDIT AND ACCOUNTS
COMMITTEE
24 SEPTEMBER 2008**

Report of the Director of
Resources

ITEM 7

Statement of Accounts 2007/8 Post Audit Re-approval

RECOMMENDATION

1.1 To note that the auditors have issued an unqualified audit opinion and that they have identified no undisclosed material risks or errors. The Council has however agreed to disclose:

- a contingent liability of £1million relating to potential asbestos claims; and
- a £2.1m notional cash balance that appears to represent a historic difference on balances transferred from Derbyshire County Council when the Council was established as a Unitary Authority. The Council has agreed to investigate the exact nature of this balance during 2008/9 and consider whether the current accounting treatment is the most appropriate.

The changes to the accounts have not altered the £1.871m outturn reported to the Committee in June.

- 1.2 To approve the final set of accounts for the 2007/8 financial year at Appendix 2, which include final adjustments made following the audit as explained in Appendix 3.
- 1.3 To approve the minor amendments to the Annual Governance Statement 2007/8 as detailed in point 2.4.
- 1.4 To agree that the amended capital determination be recommended for approval at appendix 4.

SUPPORTING INFORMATION

- 2.1 The Council's external auditors – Grant Thornton – GT – have now completed the audit of the 2007/8 set of accounts approved by this committee on 26 June 2008. They are required to issue a report summarising the results of the audit covering issues arising from the audit of the financial statements and those issues which they are formally required to report under the Audit Commission's Code of Audit Practice and International Standard of Auditing ISA260 – Communication of audit matters with those charged with governance. This report is included as Item 8 on the agenda.

- 2.2 The committee can draw assurance from the following results of the 2007/8 audit as confirmed in the report:
- GT have issued an unqualified audit opinion, as included in the final set of accounts
 - there are no unadjusted misstatements to bring to the attention of members
- 2.3 Following the audit, there have been some changes to the statements agreed and incorporated in the final set of Accounts at Appendix 2. These adjustments are explained in Appendix 3. The final set of approved Accounts has to be published by 30 September 2008 under the Accounts and Audit Regulations 2003. All changes reported are due to technical adjustments, adjusting the deficit by £980k in 2007/8.
- 2.4 The Annual Governance Statement (AGS) for 2007/8 was approved by the committee on 26th June 2008. GT reviewed the Statement and have made recommendations for consideration. The Governance Working Group considered these and, the following amendments have been made to the AGS:
- Section 10 page 12 (Areas for improvement from Corporate Assessment) – The following sentence has been added - “ The Council has produced an action plan to address these recommendations”
 - Section 10 page 13 (Risk Management) - The following sentence has been added – “These recommendations have been agreed in principle and actions will be implimented to address them.”

The AGS approved at 26 June 2008 Committee, along with the changes outlined above, has been incorporated into the Statement of Accounts at Appendix 2.

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Background papers:

List of appendices:

Appendix 1 – Implications
Appendix 2 – Final Statement of Accounts 2007/8
Appendix 3 – Schedule of adjustments
Appendix 4 – Capital Financing Determinations 2007/8

IMPLICATIONS

Financial

1. None directly arising.

Legal

2. Under the Accounts and Audit Regulations 2003 there is a statutory deadline of 30th September for the Council to publish its Annual set of Accounts

Personnel

3. None directly arising.

Equalities impact

4. None directly arising.

Corporate objectives and priorities for change

5. None directly arising.