

EXTRACT FROM MINUTES OF THE AUDIT COMMITTEE – 22 JUNE 2006**AC06 STATEMENT OF ACCOUNTS 2005/2006**

The Committee was advised that the Accounts and Audit Regulations 2003 required the Council formally to approve the Statement of Accounts by 30 June as part of the ongoing process to bring forward the date of approval of the annual Statement of Accounts. It was now clear that it would be acceptable for the Statement to be submitted to the Council Meeting on 11 July 2006.

The Revenue Finance Manager referred to the Consolidated Revenue Account which set out the income and expenditure of the Council. He advised that the balance on the General Fund as at 31 March 2006 was £13,656,000.

The Revenue Finance Manger reported that the Housing Revenue Account balance as at 31 March 2006 was £5,375,000 and that the Collection Fund balance as at 31 March 2006 was £866,000.

The Committee was advised that the Statement of Internal Control (SIC) was designed to manage risks to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives.

The Head of Finance informed the Committee that 2 objections had been received in respect of the 2004/2005 Accounts and it was hoped that these objections would be considered and clarified by the time the Accounts for 2005/2006 were submitted for final approval in September.

The Committee gave consideration to the Statement of Accounts and raised the following concerns:

- (a) There was a significant increase in earmarked reserves from £19,803,000 as at 31 March 2005 to £21,292,000 as at 31 March 2006. Consideration could be given to reducing the large number of items with an earmarked reserve and the reserve put back into the General Fund.
- (b) Parish Councils, not being major precepting authorities, would not receive any monies if the Collection Fund made a surplus.
- (c) With reference to the fixed assets owned by the Council, allotments had not yet been transferred to the Parish Councils.

- (d) There was an increase in the rate of Council Tax arrears at a time when the Council's collection rate was increasing.
- (e) With regard to pension reserve and liability related to defined benefit pension scheme, assets and liabilities were increasing in tandem.
- (f) The impact of a possible adverse or partly-adverse decision of the Auditor on the Council's reserves in respect of the outstanding objections to the 2004/2005 Statement of Accounts.
- (g) The introduction of a new financial accounting system (SAP) and its impact on the production of the Accounts.

The Chair thanked the officers for the work they had undertaken to produce the Statement of Accounts much quicker than in previous years.

RESOLVED –

1. That the revised General Fund Balance be noted.
2. That the Council be recommended to adopt the Statement of Internal Control.
3. That any minor changes to the Statement of Accounts that are made prior to the Council Meeting be circulated to the members of the Committee for their information.
4. That the concerns raised by the Committee be drawn to the attention of the Council.
5. That the Council be recommended to adopt the 2005/2006 Statement of Accounts.
6. That the Committee receive a report on the rate of Council Tax collection over the last 4 to 5 years including details of Council Tax write-offs and Housing Rent Arrears.