

WEST DUNBARTONSHIRE COUNCIL

Report by the Chief Executive

Council – 31 October 2007

Subject: Abstract of Accounts 2006/2007

1. Purpose

- 1.1 The purpose of this report is to submit the audited abstract of accounts for the year to 31 March 2007.

2. Background

- 2.1 The abstract of accounts for the year to 31 March 2007 was prepared by the statutory deadline of 30 June 2007. The draft accounts were presented to, and noted by, Council at its meeting on 29 August 2007.

3. Main Issues

- 3.1 These accounts have now been signed by KPMG LLP and are appended to this report.
- 3.2 We are pleased to report that a clean audit opinion has been given in relation to these accounts.
- 3.3 Included with the audit opinion is an “emphasis of matter “ paragraph drawing attention to the failure of one of the significant trading operations (catering) to comply with the statutory requirement to break even over a three year period. This failure was due to the impact of non-recurring equal pay costs incurred during 2005/06 and, as such, the Auditors were not required to qualify their audit opinion in this regard.
- 3.4 The Audit & Performance Review Committee on the 18 September 2007 received a report from Grant Macrae, Director, KPMG LLP detailing the main issues arising from the audit of the financial statements.
- 3.5 The foreword on pages 2 and 3 of the accounts summarises the major matters contained within the document. In particular, it identifies the balance of reserves as at 31 March 2007 as £4.566m. Of this balance, £1.483m is earmarked for payment of supporting people expenditure during 2007/08 and £2.020m was applied to the 2007/08 budget leaving £1.063m available for general use. This balance is less than the Council’s target prudential reserves level of 2% of net expenditure, which for 2007/08 is £4.305m.

3.6 On page 5 of the accounts is the Statement on the System of Internal Financial Control. This Statement provides assurance that the Council has in place a sound system of internal financial control.

3.7 KPMG LLP's final report to members 2006/07 has not yet been received. This report which will provide further information on not just the audit of the financial statements, but on the overall 2006/07 audit will be presented to Council on 28 November 2007.

4. Personnel Issues

4.1 There are no personnel issues.

5. Financial Implications

5.1 Although agreement was reached during the audit on a number of presentational changes to the draft accounts, the unearmarked balance of £1.063m that was reported in the draft accounts presented to Council on 29 August 2007 remains unchanged.

6. Conclusion

6.1 The Council has received an unqualified audit opinion in relation to the abstract of accounts for the financial year 2006/07.

6.2 The unearmarked reserve at 31 March 2007 of £1.063m is less than target prudential reserve of £4.305m. The Council has plans in place to restore this balance to a prudential level over a three year period.

7. Recommendation

7.1 **Members are requested to note the abstract of accounts for the year to 31 March 2007.**

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David McMillan
Chief Executive
Date: 22 October 2007

Person to Contact: David Connell, Head of Finance, Garshake Road,
Dumbarton. Telephone (01389) 737191
E-mail david.connell@west-dunbarton.gov.uk

Background Papers : Report on Draft Annual Accounts 2006/07 –
Council 29 August 2007.

Report on Audit of Final Accounts 2006/07 – Audit &
Performance Review Committee 18 September 2007.

Wards Affected: All