

September 2006

## **Assets**

### *General*

5. The assets shown in the books and accounts at 31 March 2006 were owned by West Dunbartonshire Council other than assets which have been purchased under operating leases.

### *Fixed Assets*

6. All fixed assets are appropriately classified. The net book amount in the balance sheet was arrived at:
  - (i) after taking into account all material capital expenditure on additions thereto but not expenditure properly chargeable to revenue;
  - (ii) after the amounts at which the land and buildings were stated in the balance sheet were properly calculated in accordance with the approved bases of valuation and fairly represented the values at 31 March 2006, and no properties were omitted from or duplicated in the valuation;
  - (iii) after deducting the cost and accumulated depreciation relating to items sold or scrapped;
  - (iv) after providing for depreciation, obsolescence and impairments on bases and at rates calculated to reduce the net book value of each asset to its estimated residual value by the end of its probable useful life.
7. At 31 March 2006, West Dunbartonshire Council had no obligations under finance leases.

### 8. *Long Term Debtors and Prepayments*

All such debtor and prepayments have been fully and properly provided for in the books of account.

### 9. *Deferred Consideration*

All debtor and prepayments have been fully and properly provided for in the books of account.

### *Stocks*

10. The Council's stocks have been valued at weighted average cost and all stocks are included in the financial statements.

### *Other Current Assets*

11. On realisation in the ordinary course of West Dunbartonshire Council 's business the other current assets in the balance sheet are expected, in my opinion, to produce at least the amounts at which they are stated. In particular adequate provision has, in my opinion, been made against all amounts owing which are known or may be expected to be irrecoverable.

## **Liabilities**

### *General*

12. All liabilities have been provided for in the books of account, including the liability for all purchases to which title has passed prior to 31 March 2006.

### *Contingent Liabilities*

13. All known contingent liabilities have been fully and properly provided for in the books of account and properly disclosed, including a contingent liability relating to additional equal pay claims that may arise and whose costs the council would have to meet.

### *Provision for Losses*

14. Provisions have been made in the accounts for all losses of material amounts which have resulted, or may be expected to result, by legal action or otherwise, from events which had occurred by the balance sheet date, and of which West Dunbartonshire Council could reasonably be expected to be aware.
15. The equal pay provision has been based on current information as to the likely level of settlement for all cases.

### *Commitments*

16. There were no other commitments for capital expenditure other than disclosed in the financial statements.

### *Loans Fund*

17. All borrowings have been confirmed as being compliant with the provisions of the 1975 Local Government Act.
18. The council has £10.915 million of unamortized premiums arising from the early repayment of PWLB debt and has refinanced using LOBOs. The premium has been amortised to revenue over the period of the replacement loans as permitted by the SORP because the council considers that the overall economic effect of the original and replacement borrowing is substantially the same. In reaching this view the council has taken into account
- the definition of the term 'overall economic effect' offered by the SORP guidance notes
  - the expected stability of interest rates over the period of replacement borrowing
  - that there is no evidence that lenders have sought in practice to impose significant interest rate increases or that authorities have refused to accept any increases
  - the expectation that the LOBOs will run to maturity based on .....

## **Other Matters**

20. Expenditure on the purchase of furniture, office equipment and other assets below the de minimis level has been charged to the consolidated revenue account. Items costing more than the de minimis level have been treated as fixed assets.

21. Capital expenditure in 2005/06 on the housing revenue account was £15.469 million. I confirm that of this total, £15.182 million was in respect of expenditure which hasn't increased the market value of the assets but which did lengthen the useful life or increase the extent to which the assets could be used.
22. Except as disclosed in the financial statements, the results for the period were not materially affected by:
- (i) transactions of a sort not usually undertaken by West Dunbartonshire Council;
  - (ii) circumstances of an exceptional or non-recurrent nature;
  - (iii) charges or credits relating to prior periods;
  - (iv) any change in the basis of accounting.
23. I confirm the completeness and adequacy of the information provided at note 4 regarding the identification of related parties.
24. I acknowledge the uncorrected misstatement brought to my attention by the auditor. The misstatement was not corrected due to the small amount involved.

### **Corporate Governance**

25. I acknowledge, as the officer with responsibility for the proper administration of the council's financial affairs under section 95 of the Local Government (Scotland) Act 1973, my responsibility for the systems of internal controls. I confirm that I have reviewed the effectiveness of the systems for internal control and that the disclosures I have made are in accordance with guidance on statements on the system of internal financial control.
26. I have disclosed to the auditor any allegations of fraud or suspected fraud affecting the financial statements. There have been no irregularities involving management or employees who have a significant role in internal control or that could have a material effect on the financial statements.

### **General**

27. I acknowledge my responsibility, and that of West Dunbartonshire Council, for the financial statements. All the accounting records requested have been made available to you for the purposes of your audit. All material agreements and transactions undertaken by West Dunbartonshire Council have been properly reflected in the financial statements. All other records and information have been made available to you, including minutes of all council and other meetings.
28. Disclosure has been made in the financial statements of all matters necessary for them to present fairly the transactions and state of affairs of West Dunbartonshire Council and its group for the year ended 31 March 2006.

### **Events Subsequent to the Date of the Balance Sheet**

29. There have been no material events since the date of the balance sheet which necessitate revision of the figures in the financial statements or notes thereto including contingent assets and liabilities.

30. Since the date of the balance sheet no events or transactions have occurred which, though properly excluded from the accounts, are of such importance that they should be brought to your notice.

Yours sincerely

**David Connell**  
**Head of Finance**