

WEST DUNBARTONSHIRE COUNCIL

Report by the Executive Director of Corporate Services

Council – 29 October 2008

Subject: Financial Statements 2007/2008

1. Purpose

- 1.1 The purpose of this report is to submit the audited financial statements for the year to 31 March 2008.

2. Background

- 2.1 The financial statements for the year to 31 March 2008 were prepared by the statutory deadline of 30 June 2008. The draft accounts were presented to, and noted by, Council at its meeting on 27 August 2008.

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 The Audit & Performance Review Committee on the 25 September 2008 received a report from Grant Macrae, Director, KPMG LLP detailing the main issues arising from the audit of the financial statements.
- 3.4 The foreword on pages 2 to 4 of the financial statements summarises the major matters contained within the document and provides an explanation of the Council's financial position as at 31 March 2008. In particular, the following results which were highlighted to Members within the draft accounts remain unaltered:
- In relation to the General Fund, the accounts show a General Fund balance of £3.308m as at the 31 March 2008. Of this balance £1.031m is earmarked for ringfenced grant purposes leaving an unearmarked balance of £2.277m.

- The level of unearmarked balance of £2.277m compares with that of £1.063m at 31 March 2007 and confirms that the reserve position has improved by £1.214m during the year. This can be summarised as follows :

	<u>£m</u>
Planned deficit for the year (balance applied)	2.020
Deficit for the year - per accounts	1.258
less - earmarked grant b/fwd	1.483
plus - earmarked grant c/fwd	<u>1.031</u> <u>(0.452)</u>
Actual deficit for the year	<u>0.806</u>
In-year surplus against budget	<u>1.214</u>

- The unearmarked balance of £2.277m is 47.18 % of the recommended prudential level of reserve of £4.826m which is considered necessary to safeguard assets and to protect services against financial risk .
- In relation to the Housing Revenue Account, the accounts show a HRA balance of £1.538m as at 31 March 2008. Of this balance £0.300m was applied to the 2008/09 leaving an unearmarked balance of £1.238m. This compares with the recommended prudential level of HRA reserve of £0.627m.
- The Council maintains statutory accounts for two trading operations under the provisions of the Local Government Scotland Act 2003: Housing Maintenance and Grounds Maintenance/Street Cleaning. These operations returned a collective surplus in the year of £1.365m and both operations have achieved a break even performance over the last three years in line with their statutory requirements.

3.5 On page 6 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.

3.6 KPMG LLP's final report to members 2007/08 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 2007/08 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

£2.277m that was reported in the draft accounts presented to Council on 27 August 2008 remains unchanged.

6. Risk Analysis

6.1 No risk analysis was required.

7. Conclusion

7.1 The Council has received an unqualified audit opinion in relation to the abstract of accounts for the financial year 2007/08.

7.2 The unearmarked reserve at 31 March 2008 of £2.277m is less than target prudential reserve of £4.826m. The Council has plans in place to restore this balance to a prudential level.

8. Recommendation

8.1 Members are requested to note the abstract of accounts for the year to 31 March 2008.

Joyce White
Executive Director of Corporate Services
Date: October 2008

Wards Affected: All

Appendix: Financial Statements – Year Ended 31 March 2008

Background Papers : Report on Draft Annual Accounts 2007/08 – Council 27 August 2008.
Report on Audit of Final Accounts 2007/08 – Audit & Performance Review Committee 25 September 2008.

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