



MINUTES

AUDIT COMMITTEE

5.00 p.m. – 7.40 p.m.

30 June 2008

Present: Councillors Little (S) (Chair), Brociek-Coulton, Divers, Driver, Collishaw, Makoff and Stephenson.

Apologies: Councillor Waters

1. WELCOME

The Chair welcomed members to the meeting which had been reconvened to complete the consideration of the Agenda of the meeting on 26 June 2008.

2. ANNUAL STATEMENT OF ACCOUNTS 2007/08

The Head of Finance circulated and presented the draft Annual Statement of Accounts 2007/08 and responded to members detailed comments and questions as follows:

Income and Expenditure Account

- The variations in the figures for net cost of services have arisen through more vigorous analysis and coding.
- He would need to investigate the reason for the difference in figures for corporate and democratic core and ensure these match the explanatory foreword.
- Interest payable included a figure of £6.4 million paid to the public works loan board.
- There was a surplus of £228,000 in the net operating expenditure because more houses had been built than expected and more money owed to the Council had been collected.
- The Council had received a smaller contribution from Government for LABGI due to the reduction in growth in the city.

- The deficit figure for the year on the income and expenditure account does not directly impact on the council tax payer – the adjustments to it are shown in Note 13

Statement of Movement on General Fund Balance

- The net additional amount required to be credited to the General Fund balance for the year was £13.954 million (subsequently amended to £13.380 million) which was significantly different to the previous year as shown in Note 13.

Statement of Total Recognised Gains and Losses

- There had been movement in the net worth of the Council since the previous year. The true value of the Council had increased by £84.227 including a prior year adjustment of £16.842 million.

Balance Sheet

- The reduction in short-term investments (£52.304 million to £36.641 million) was due to repayment of overpaid business rates and cash flow issues. There was also a £7 million reduction from short-term re-categorisation of investment.
- The revised figures for long-term borrowing resulted from deferred liabilities and a re-assessment of financial instruments.
- The figures for long-term investments had reduced by £1 million because, at the request of the auditors, £1 million of investment had been re-categorised in the accounts as a short-term investment for 2006/07. However £7 million re-categorisation from short-term investment shows £6 million increase.
- The major repairs reserve was at zero because the Council has spent all of the major repairs allowance it received from Government.
- The increase in other non-operational assets resulted from a review of the Asset Register.
- As part of the review of Assets, the natural areas in the City had been re-measured.

Cash Flow Statement

- This was simply a record of cash flowing in and out of the Council.
- The Council collected £64 million of non-domestic rate but only received £13 million back from Government. Any change in any of the items identified by the Committee will, where necessary, be reflected in revisions to the cashflow statement.

Housing Revenue Account

- Change the year to 2007/08 in the column header.

Notes to the Accounts

- It was noted that the cost of grounds maintenance and providing area housing officers were funded by the Housing Revenue Account and leaseholders and private house owners did not contribute to those costs.
- Of the £7.582 million of section 106 balance, £3.085 million was set aside for future maintenance of existing schemes.
- The undervaluation of the housing stock in last year's accounts had been addressed and this was reflected in Note 3.
- The difference in other charges reflected re-categorisations.

Full lists of amendments identified by the Audit Committee (Appendix A) and in the subsequent review (Appendix B) of the draft accounts are appended to these minutes

RESOLVED –

- (1) with five voting in favour, none against and one abstention, to approve the Statement of Accounts for the year ending 31 March 2008 subject to it being noted that –
 - (a) members of the Audit Committee did not have the opportunity to view the draft Statement of Accounts in advance of the meeting and therefore consider that they were not in a position to afford it a completely adequate level of scrutiny.
 - (b) a number of the figures in the draft Statement circulated varied significantly to the draft circulated earlier for members information;
 - (c) the draft Statement of Accounts will be amended to reflect those items identified by this Committee;
- (2) to ask the section 151 officer to notify the Committee Chair of any significant arithmetical and typographical errors that may be identified in the review to be undertaken of the draft Statement by the Finance Team and send members a list of those amendments after the arithmetical and typographical errors have been addressed;
- (3) to record Audit Committee's thanks to the section 151 officer and the staff in the Finance Department for all their hard work in preparing the Statement of Accounts 2007/08.

CHAIR

**TRACKED CHANGES IDENTIFIED AT AUDIT COMMITTEE 30.06.08 TO BE
MADE TO APPROVED DRAFT STATEMENT OF ACCOUNTS 0708**

Page no./Core Statement/Note No.	Description of change	Type of Error –	Corrected on SOA Live
Pg 96/Annual Governance Statement	6. Take out '(see Appendix A)' in proposed actions 0809 and beyond on SOA 0607 disclaimed	Draft refers to Appendix A this was only presented in the report to the Audit Committee on the Annual Governance Statement (AGS) not for inclusion in draft statement – remove ref to Appendix A.	Yes 03.07.08
Pg 31/I&E	1. Interest Payable in Gross Exp £7,174 should be £7,339 2. Interest receivable in Gross Income £3,143 should be £3,136	Typo	Yes 03.07.08
Pg 43/note 13	3. Total at bottom of 0708 column was (x) should be £13,380 4. Subtotal of first section was £10,591 should be £19,448	Typo Addition Error	Yes 03.07.08
Pg34/Balance Sheet	5. Financed by section should be £956,563 in 0607 comparative	Addition Error	Yes 03.07.08
Pg73/HRA I&E	7. change year to 0708 on column header	Typo	Yes 03.07.08
Pg 33/Balance Sheet	11. Change Long Term Investments from £884 to £7,884 12. Change Short Term Investments form £36,641 to £29,641	Typo	Yes 03.07.08
Pg 3/Explanatory forward (NCS table)	12. All figures in 0607 column need to be adjusted to the restated figs on I&E 13. Rounding on 0708 figures don't agree to I&E – adjust to agree to I&E figures Adjust figs in narrative for note 3 to agree with above changes.	Typo	Yes 03.07.08 Yes 09.07.08
Pg 35/Cash Flow	14. Non Domestic Rate Receipts £12,973 and NNDR national pool £64,232 round wrong way – need to swap Cash flow will need to be amended to account for changes noted at the Audit Committee Notes to the Cash Flow Statement will need amending to account for changes noted at the Audit Committee.	Typo	Yes 03.07.08 Yes 09.07.08 Yes 10.07.08

**TRACKED CHANGES IDENTIFIED AT REVIEW OF ACCOUNTS
BETWEEN 1ST - 9TH JULY 08 PRIOR TO HANDOVER TO AUDIT
COMMISSION**

Page no./Core Statement/Note No.	Description of change	Type of Error	Corrected on SOA Live
Pg53/note 28	8. Closing bracket plus rounding	typo	Yes 03.07.08
Pg 53/note 27	9. change note number from 29 to 30.	Typo	Yes 03.07.08
Pg 76/note 3 HRA	10. change ref to note 17 to note 18	Typo	Yes 03.07.08
Pg 44/note 14	Should be £7,339 and needs closing bracket around Interest Expense	Typo	Yes 03.07.08
Pg 31/I&E	Rounding errors on Gross Exp, Gross Inc and Net Exp (Total should be £28,235 not £28,513) Review of Net Cost of Services Amendments to Note 13 and Movement on General Fund to account for changes of Net Cost of Services Typing errors	Rounding Typo and roundings	Yes 03.07.08 Yes 09.07.08
Pg 33/Balance Sheet	Amendments for typing errors, net worth changes by £1k	Typo and roundings	Yes 09.07.08
Pg 37/ note 3	Trading total exp should be 534 and deficit should be 329	Rounding	Yes 03.07.08
Pg 54/note 30	Note added re Financial Instruments Adjustment plus correction to 0607 comparative	Presentation Typo	Yes 09.07.08
Pg 76/note 3	Value of council Dwellings change from £888,124,000 (2006/07 figure) to £904,846,890	Typo	Yes 03.07.08
Pg 64/note 38	Changes to reserve balances: Cap Fin Acc net movement from 112,045 to 123,320 General fund no net movement in reserve – add (1,167). Add bal at year end of (7,866) Housing Rev acc - change net movement from (2,731) to (4,182) and change bal at ye from (10,819) to (12,270)	Typo – missing figures	Yes 03.07.08
Pg 78/HRA	Amend HRA net cost of service for adjustment required on Supervision and Management Costs Change to note 1 for missing figures relating to pension fund	Typo Typo	Yes 10.07.08
Pg 29/Statement Responsibilities	Change year to 2008 on last paragraph of certification section	Typo	Yes 10.07.08-
Pg 55/Note 30	Amend Carrying Amount of Financial Liabilities	Typo	Yes 10.07.08
Various	Page numbers adjusted to agree with changes to the Statement above.	Typo	Yes 10.07.08