



Ryedale District Council

REPORT TO:	POLICY & RESOURCES COMMITTEE
DATE:	28 JUNE 2007
REPORTING OFFICER:	Chief Financial Officer
SUBJECT:	STATEMENT OF ACCOUNTS AND STATEMENT OF INTERNAL CONTROL (SIC)
WARDS AFFECTED:	ALL

1.0 PURPOSE OF REPORT

To provide Members with a summary of the Council's Accounts for the year 2006/07 as required under the Accounts and Audit Regulations 2003 together with the Statement of Internal Control as approved by the Overview & Scrutiny Committee.

2.0 RECOMMENDATIONS

2.1 Members are asked to:

- Approve the Statement of Accounts for 2006/07 for submission to the Council – see Annex A
- Agree the Statement of Internal Control as reviewed by the Overview and Scrutiny Committee for adoption by the Council
- Note the levels of reserves
- Approve the use of surplus funds as set out in the report

3.0 REASONS SUPPORTING DECISION

3.1 The preparation of the Statement of Accounts and Statement of Internal Control is a statutory duty placed upon all local authorities.

4.0 BACKGROUND

4.1 The deadline date for approval of the accounts for 2006/07 is 30 June 2007.

5.0 INTRODUCTION

5.1 The Statement of Accounts is prepared in accordance with The Code of Practice on Local Authority Accounting issued in 2006 by the Chartered

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Institute of Public Finance and Accountancy (CIPFA) and also in accordance with various accounting standards which CIPFA has adopted.

5.2 The Statement of Internal Control is prepared in accordance with the framework for corporate governance recommended by the Chartered Institute of Public Finance and Accountancy and the Society of Local Authority Chief Executives and Senior Managers.

5.3 The accounts are subject to external audit.

6.0 POLICY CONTEXT

6.1 The Statement of Accounts is a statutory requirement and covers all services of the Council including both capital and revenue accounts. The Statement of Internal Control is produced in accordance with the framework for corporate governance.

7.0 REPORT

7.1 *Overview and Revenue Accounts*

7.1.1 The Statement of Accounts in Annex A are set out in a statutory format with explanatory notes for the financial year to 31 March 2007. In accordance with the regulatory requirements of the 2006 Code a number of significant changes have been made to the presentation of the accounts. This is meant to place local authority accounts 'in line' with commercial practice. The result however is somewhat confusing and makes it difficult to compare performance with the original budget for 2006/07.

7.1.2 The Council made savings in the net cost of services amounting to £325k compared with the original budget. This figure is analysed on page 4 of the document.

7.1.3 Further investment income was earned on balances of £228k and additional Government Grant of £118k from the redistribution of business rates (LABGI scheme).

7.1.4 The Direct Service Organisations also made an additional surplus of £75k .

7.1.5 These represent the most significant savings or increased income and some of this was provided for in the preparation of the 2007/08 budget.

7.1.6 Extra contributions have been made to reserves and balances as follows:

Detail	£'000
Investment Income Reserve- Finance Capital	225
Improvement Contingency & Emergency Fund - Cost of Change	69
Service Investment Fund - Local Development Framework, Renewable Energy Scheme and Recycling*	101
Election Reserve - May 2007 Elections*	46
General Reserve - LABGI apply in 2007/08*	119
* Planned and Approved in Budget 2007/08	

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7.2 **Capital Accounts**

- 7.2.1 The Council spent £1.820m on capital projects compared with an original estimate of £3.220m. The overall reduction of £1.4m is mainly due to the delay in work on Industrial Development schemes that will now progress in 2007/08 and has been previously reported to Members. The balance on Capital Receipts and Grants Unapplied (page 28 of the document) has remained at £4.6m.

7.3 **Reserves**

- 7.3.1 In the view of the Chief Financial Officer reserves are sufficient to cover emergencies and unforeseen liabilities.
- 7.3.2 Reserves and balances reduced by a net £94k during the year. These are detailed on the attached Annex B.

7.4 **Statement of Internal Control (SIC)**

- 7.4.1 The Council's SIC is included within the Statement of Accounts (pages 35 to 46). This is an important document in its own right to give an assurance that the Council's business is conducted in accordance with the law and appropriate standards and that public money is safeguarded and properly accounted for and used economically, efficiently and effectively. It also provides assurance that there is a sound system of internal control and arrangements are in place for the management of risk.
- 7.4.2 An action plan is attached to the SIC to improve certain aspects during 2007/08 but there are no significant Internal Control issues on which to report.
- 7.4.3 This Committee has already adopted a process for the production of the SIC which has already been subject to review by the Overview and Scrutiny Committee. The process is now well embedded and there is input and ownership by all of the Corporate Management Team.

8.0 **RISK ASSESSMENT**

- 8.1.1 It is felt that reserves are adequate to cover identified risks and that internal controls should give early indications of any matters for concern. The SIC does not raise any significant internal control issues. However, there continues to be concern at the inability to progress the capital programme in line with the capital budget. This is, at least partly, due to a lack of resources in technical departments.

9.0 **CONCLUSION**

- 9.1 The Statement of Accounts submitted for approval has been completed within the statutory deadline of 30 June.
- 9.2 In the view of the Council's Chief Financial Officer the Council's financial standing is satisfactory.

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- 9.3 Public consultation has been carried out relating to the production of a summarised version of the accounts. The summary will be placed on the Council's website and a leaflet will be made available at all Council outlets.

BACKGROUND PAPERS:

None

OFFICER CONTACT:

Please contact John Patten, Chief Financial Officer, if you require any further information on the contents of this report. The Officer can be contacted at Ryedale House, Tel: 01653 600666 Ext 214 or e-mail: john.patten@ryedale.gov.uk