

# REPORT TO THE FINAL ACCOUNTS AND AUDIT COMMITTEE Report No. 10

<b>Date of Meeting</b>	<b>16 April 2007</b>
<b>Title of Report</b>	<b>Accounts Progress and Timetable</b>
Link to Corporate Priorities	
Public Report	Yes

## Summary of Report

**This report provides information about the timetable for closure of the accounts and progress to date.**

## Officer Recommendations

The Committee is requested to note the report.

Other than those implications agreed with the relevant Officers and referred to below, there are no other implications associated with this report.

Financial Implications	Legal Implications	Community & Environmental Implications	Human Resources Implications	Equality & Diversity Implications
None	None	None	None	None

<b>Contact Officer</b>	Peter Timmins, S151 Officer Interim
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## **1. Introduction**

- 1.1 The Council is required to report the final budget out turn and produce a Statement of Accounts by 30<sup>th</sup> June 2007 for the financial year ended 31<sup>st</sup> March 2007. The format for the accounts is prescribed in regulations. Following approval, the accounts are subject to audit and opened for public scrutiny before the requirement to publish them on 30<sup>th</sup> September 2007.
- 1.2 The closure process is a complex exercise that involves many non-finance staff. Work must start before the accounts “cut off” date of 31<sup>st</sup> March if the deadline for committee is to be met. A detailed timetable is therefore an essential facet of accounts closure work.
- 1.3 External auditors will review the timetable as part of the audit process. In addition, external audit require a comprehensive set of working papers to be completed and submitted to support the statements by 30<sup>th</sup> June 2007.
- 1.4 The Statement of Recommended Practice for local authority accounting has introduced a number of significant changes to the form of the Statements and some of the information contained therein. The changes are intended to bring local authority accounting closer to national and international accounting standards.

## **2. Options and Options Appraisal**

- 2.1 Option 1: Note the report and add any improvements.
- 2.2 Option 2: Note the report.

## **3. Timetable**

- 3.1 The summary timetable is attached as an annexe. The main programme contains 96 actions. However, these actions are dependent upon many other activities undertaken by finance and service support staff. The summary timetable concentrates upon a few key dates. The timetable is updated on a daily basis and there is provision for a weekly progress check with finance staff.
- 3.2 Before closure it is sensible to ensure that activities upon which accounts closure depends are up to date and the figures are reliable. This avoids the creation of a work peak at a very busy period. Key tasks include;
  - a) ensuring all systems that feed information into the Council’s General Ledger are reconciled and reconciled information is routinely passing into the General Ledger,
  - b) reconciling and clearing all accounts that are used to hold money prior to reallocation such as money received into the bank account that is difficult to identify
  - c) ensuring accounts used for control purposes have also been reconciled,
  - d) making management and administrative support charges and other recharges such as insurance costs to public services,

- e) processing creditor invoices and issuing debtors bills. The more up to date the latter, the less work is needed to “accrue” estimates into the final accounts.

3.3 It has not been possible to achieve all the matters set out at 3.2 a) to e). At the time of writing one of the feeders is not adequately reconciled, not all the suspense and control account reconciliations are up to date, and management and administrative support charges have not been allocated. These tasks are being worked upon and progress will be reported to the meeting.

3.4 The Council's finance systems are also key to a successful closure. The Council uses Forte, a computer system provided by Cyberscience Corporation. This system is not widely used in local government. It has been noted that the current implementation does not support the closure process as well as it could. Work is ongoing to improve the system setup, reporting and the availability of information that is key to a range of finance functions.

#### **4. Briefing for Finance and Support Staff**

4.1 Briefing notes have been provided for finance staff to help them produce the information needed for the Statements.

4.2 Briefing has also been provided to services setting out key dates for the closure of key systems such as creditors and income and the production of accrual statements for items that relate to 2006/7 but have not been accounted for.

#### **5. External Audit**

5.1 External audit work can commence as soon as information is available although the start date depends upon the availability of auditors. The auditors have requested a comprehensive set of supporting information to be produced in a specified format. The requirements are the same for all local authorities subject to differences in service provision. The audit is expected to start in July.

5.2 The list of requirements runs to 158 items of which almost 130 relate to matters on which the Council must provide a working paper. Over the past few years external audit has been critical generally of the quality of local authority working papers. Working papers have been circulated for information.

5.3 The timetable also provides for dates when the accounts will be open for public inspection. This has been agreed with external audit as the period from 3<sup>rd</sup> July to 30<sup>th</sup> July 2007. The external auditor will meet any member of the public wishing to raise an objection or ask a question on 31<sup>st</sup> July 2007.

5.4 Publication with the audit opinion will take place on or before 30<sup>th</sup> September 2007.

5.5 External audit will also audit Government grant claims as part of the audit. The main claim submitted by the Council that falls within this remit is the Housing Benefits Claim.

## 5. Conclusion

- 5.1 It will be appreciated from the above comment that the closure of accounts this year will be a difficult process. Although the finance team has been augmented there are numerous problems to deal with as identified above. This is compounded by the relative newness of some finance staff.

## 6 Risk Analysis

- 6.1 Problems with the finance system and the issues referred to at section 2 of the report could produce significant delays to the overall programme. This has not happened so far.

<b>Appendices:</b>	<ul style="list-style-type: none"><li>• <b>Summary Timetable</b></li></ul>
<b>Background Documents Used in the Preparation of this Report:</b>	<ul style="list-style-type: none"><li>• Accounts and Audit Regulations 2003</li><li>• Local Government Act 2003.</li><li>• Main closure of accounts programme 2006/7.</li><li>• External audit working papers.</li></ul>

### Previous Decisions Connected with this Report

<b>Report</b>	<b>Committee &amp; Date</b>	<b>Minute Reference</b>