

Wiltshire Council

Audit Committee

24 MARCH 2010

PROGRESS REPORT: PREPARATION OF FINAL ACCOUNTS 2009-10

Purpose of Report

1. To update the Audit Committee on the preparation of the Council's Statement of Accounts for 2009-10 financial year.

Main Considerations for the Council

2. Following the preparation of the 2008-09 financial accounts two key actions were firstly, the need to prepare a properly resourced plan for the preparation of the 2009-10 financial statements and secondly, the need to deliver the action plan emanating from KPMG's Charged with Governance 2008-09 Report.

Timetable for Preparation of Statement of Accounts 2010-11

3. A timetable has been prepared. Key activities are highlighted in Appendix 1. Weekly accountant meetings take place to ensure delivery of the timetable. The Chief Finance Officer is satisfied that the timetable is adequately resourced and that accountants with the relevant skills and experience are being used.

Progress Report on Charged with Governance 2008-09 Action Plan

4. Progress on each of the actions is shown in Appendix 2. All actions have been finalised as a key requirement of the planning for closure of the 2009-10 accounts.

Environmental Impact of the Proposal

5. No environmental issues have been identified arising from this report.

Equality and Diversity Impact of the Proposal

6. No issues have been identified arising from this report.

Risk Assessment

7. No issues have been identified arising from this report.

Financial Implications

8. There are none directly arising from this report.

Legal Implications

9. There are none directly arising from this report.

MARTIN DONOVAN
Chief Finance Officer

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The following unpublished documents have been relied on in the preparation of this report:

None

Wiltshire Council
Closure of Accounts Timetable
2009-2010

29/01/2010

Version 1

F e b	Friday	12	Ensure 2008/2009 intra/ inter authority recharges removed	CF/ All
	Friday	26	Finalised review of brought forward and position on balance sheet	All
	Friday	26	Information required for valuing assets	CF/Property
	Friday	26	Review of audit points from 2008/2009	CF/ All
	Friday	26	Finalise work on combining 5 councils opening balance sheets	CF
	Friday	26	Circulate KPMG working paper requirements	CF
	Friday	26	Review of outstanding cheques listing	CF
M a r c h	Week comm	8	Closedown Meetings with non finance staff	All
	Tuesday	9	Final virements submitted from Departments	Dept Accountants
	Friday	12	Meeting with KPMG to discuss year end requirements	Central Finance
	Friday	12	Information for Pension closedown requirements	CF/ WPF
	Friday	19	Cancel of outstanding cheques listing	Central Finance
	Tuesday	30	Last day for AR invoices to be raised	All
	Wednesday	31	Finalise pro-forma final accounts	Central Finance
	Wednesday	31	Stock counts carried out	Stock holders
	Wednesday	31	Petty cash counts	Cash holders
A p r i l	Wednesday	31	Period 12 closed	Central Finance
	Thursday	1	Period 13 open for posting	Central Finance
	Friday	2	Final day for cash sheets/ returns/ Civica postings relating to 2009/2010 to be posted to ledger	All
	Wednesday	7	Date for return of stock schedules to Accountancy	Dept/ CF
	Wednesday	7	Date for return of Petty Cash schedules to Accountancy	Dept/ CF
	Wednesday	14	Date for final AP run to be carried back into old year	SST
	Thursday	15	Date for first AP run 2010/11	SST
	Friday	16	No CF virements processed from this date (excludes FRS 17 adjustments)	CF
	Wednesday	21	Final Sundry Creditors and Debtors schedules to be completed and posted	CF
	Wednesday	21	All reposting of contract recharges finalised	Dept Accountants
	Wednesday	21	Final Day for restatement of PFI in new IFRS format	CF
	Friday	23	Date by which all suspense, control & holding accounts should be cleared to revenue or balance sheet	Dept Accountants
	Friday	23	NNDR and Council Tax accounts balanced and summarised	All
	Friday	23	Draft Housing Benefits, CT benefits etc including estimated subsidy entitlement	All
	Friday	23	Reconciliation of all feeder systems completed	All
	Wednesday	28	Finalise recharge of central support services	CF
	Wednesday	28	Last date for receipt of journals to central finance	Dept Accountants
	Wednesday	28	Final capital information to central finance	Dept Accountants
	Friday	30	All journals to balance sheet via central finance from this date	Dept Accountants
	Friday	30	Capital Charges to be completed by central finance	CF
Friday	30	Ledger closes for period 13 @ 5.00 pm	Central Finance	
M a y	Tuesday	4	Provisional outturn statement	Accountants
	Tuesday	4	Final date for submission of rollovers to CFO	Dept Accountants
	Tuesday	4	Work completed on stand alone notes to statements of accounts	Accountants
	Friday	7	First Draft Outturn Report	CF
	Friday	7	Pension Fund FRS17 Reports	Actuary
	Friday	14	Pension Fund Accounts	Central Finance
	Friday	14	Final outturn figures for all departments (except Schools)	Dept. Accountants
	Friday	14	Draft Outturn figures to CFO	CF
	Friday	21	Draft working papers completed and centralised	All
	Friday	28	Final outturn figures for Schools	Education
J u n e	Wednesday	2	Draft AGS available for inclusion in the accounts	Internal Audit
	Friday	4	Finalise CIPFA audit checklist	CF
	Friday	11	Statement of Accounts and Revenue outturn report finalised	Central Finance
	Thursday	17	Place audit advertisement	Central Finance
	Thursday	24	Advertise S15/16 date	Central Finance
J l y	Tuesday	29	Final Accounts and Audit	Central Finance
	Monday	5	All working papers to be made available to auditors	All
	Tuesday	27	Cabinet Final Audit KPMG	Central Finance All

PROGRESS REPORT ON ACTION PLAN**Recommendation 1:**

Prior to submitting the draft accounts to Audit Committee, management should thoroughly review the accounts to ensure the figures are consistent with those per the accounting system. This should also include completion (and documentation) of the SORP checklist, casting of all primary statements and notes and checking cross-references/internal consistency throughout. This would help eliminate the number of errors and disclosure issues identified as part of our audit work.

Progress on Actions –

Plan for preparation of the Statement of Accounts is now produced. (Key actions highlighted in Appendix 1). Weekly meetings taking place with key finance staff.

Recommendation 2:

Review the processes for adding assets to the fixed asset register to ensure all improvements can be easily attributed to the original asset. Additionally where a particularly significant gain is noted on an individual asset in the year this should be reviewed to ensure that it does not actually relate to several assets.

Progress on Actions –

The processes established in SAP requires all of the Capital Programme to be allocated a project code. The use of the project codes ensures that all spend is recorded against the original asset is appropriate. Procedures have been put into place to ensure that all gains will be analysed and allocated to the appropriate asset or assets. The project solution for assets is being used and monthly settlement routines to assets under construction have been actioned. Currently testing year end procedures. The system flows back from the assets module so every asset under construction has a reference to its associated project to easily identify the costs added to the asset.

Recommendation 3:

Ensure that a thorough review of the Fixed Asset Register is performed.

Progress on Actions –

Final configuration of the system was completed in January and loading of assets commenced. All the former Council opening asset balances have now been loaded into SAP.

Recommendation 4:

In order for the Council to be sure of the assets it holds, the Fixed Asset Register should be fully reviewed and each asset description should be much more detailed and a 'collection' of assets such as school buildings should be named or numbered similarly.

The system allows more detailed posting of assets information, there are many free text fields available for detailed descriptions which will be added to as more information becomes available. The system is also flexible in numbering conventions and similar assets will be able to be grouped using further number ranges and descriptions as appropriate.

Detailed information will also flow through from the individual projects as each component part of the project creates its own individual asset under construction.

Description 5:

The two systems should be reconciled on a regular basis, or ideally only one fixed asset system should be maintained within SAP.

Progress on Actions –

One financial asset register on SAP is being established, the property asset register is for property use only. Work to reconcile the property register against the new SAP register is scheduled to commence before the end of March.

Recommendation 6:

The two departments should work closely together in order to identify all the types of assets that should be subject to the impairment review.

The closedown processes provide for continued liaison between the two departments to ensure an impairment review is properly undertaken.

Recommendation 7:

Undertake the processes for fixed assets as monthly or quarterly routines. There should also be a thorough and regular review by a more senior person within the Finance function to ensure the processes are being performed and documented appropriately.

Progress on Actions :

Monthly settlement routines to partially account for capital expenditure have been actioned and are fully controlled by the Assets and Projects team. These routines will be expanded to include depreciation and full settlement of capital costs to assets/revenue as appropriate. All routines are being run within the Assets and Projects team.

Recommendation 8 :

Ensure that a financial regulations manual is in place which can be used as a policy guide for determining whether expenditure is either capital or revenue.

Additionally, ensure that sufficient training is provided to all relevant employees to assist them in correctly identifying the different types of expenditure.

Controls should also be implemented to ensure that management independently and regularly review postings made to ensure the spend is being assigned appropriately.

Progress on Actions :

- i) Financial regulations have now been produced. These are presented to the Audit Committee for approval.
- ii) In terms of guidance to categorise capital expenditure as distinct from revenue, these have now been prepared. Two levels of guidance have been prepared. The first is technical guidance for accountants, and the second is guidance aimed at non-financial managers. The guidance was distributed to all relevant staff and supplemented by briefing sessions on the 26 November (non-finance) and 30 November (finance).
- iii) Regular professional accountant meetings have been established. A key purpose of these meetings is to support training and professional development. Financial regulations and capital guidance will be discussed at these meetings.
- iv) Regular reviews of the validity of spend allocated to projects has commenced.

Recommendation 9 :

Controls should be implemented to ensure that expenditure on intangible assets is being monitored to ensure it meets the criteria for capitalisation under the SORP.

Progress on Actions –

Relevant contracts and guidance have now been prepared and disseminated. They will be formally incorporated into the Financial Regulations. All expenditure in this area has been reviewed to ensure compliance.

Recommendation 10:

A review of all projects capitalised in the year should occur before the 2008/09 accounts are finalised to ensure that all projects still meet the criteria under SORP.

Progress on Actions -

The independent review was completed and checked. Necessary adjustments in relation to Westbury Bypass were incorporated in the 2008/09 final Statement of Accounts.

In addition, two further reviews of spend in 2009/10 have been undertaken and are continuing. Capital codes are now regularly monitored to ensure capitalised items comply with the SORP.

Recommendation 11 :

Ensure that sufficient staff are trained to run key reports and cover for staff absences.

Progress on Actions -

Targeted training has been delivered and cover arrangements put in place, to ensure absences are covered in terms of running key reports. The requirement for reports are being reviewed and training is ongoing.

Recommendation 12 :

Ensure there are processes in place as part of monthly procedures for bank reconciliation to be prepared and then authorised on a timely basis.

Progress on Actions –

As to be expected with any new system early difficulties were encountered. However processes and procedures are now in place to ensure monthly bank reconciliations are undertaken. Work is undertaken on a daily basis and regular reports produced and reviewed.

Recommendation 13 :

When compiling the Outturn Report, Corporate Finance should obtain sign-off from each Principal Accountant to ensure the input figures are appropriate.

Progress on Actions -

Quality assurance processes have been incorporated into the guidance for closure of accounts. These will be monitored throughout the closedown period.

Recommendation 14 :

The budgeting system should be reviewed annually by each department to ensure that where modelling is used it is kept sufficiently up to date.

Progress on Actions :

The 2010/11 budget was set by departments using the most recent modelling processes, updated from the budget monitoring process 2009/10. Consistency across departments was ensured as the whole process was monitored and consolidated centrally, using centrally issued guidance.

Recommendation 15 :

Ensure that the historic cost value of all assets is identified and recorded.

Progress on Actions -

As part of the asset load figures for historic cost have been identified and have been incorporated into the individual asset balances as required by SORP to record the revaluation reserve correctly.

Recommendation 16 :

Each department should ensure that where journal adjustments/corrections are required after the year end close down, these are noted so that any material adjustments (after the year end closedown has occurred) can be made to correct the figures that are shown in the appropriate year's accounts.

This area has been reviewed and considered and built into the closedown timetable.

Recommendation 17 :

Ensure that only one asset for land and one asset for the buildings exist on the Fixed Asset Register for a particular site. Additionally undertake a review to ensure all assets are in their appropriate category so that they are depreciated correctly.

Progress on Actions -

The asset population of SAP incorporates checks to remove duplications.

An exercise is underway as part of the asset load to bring together accounting policies across the former authorities includes examining the assets held for duplications. Correcting issues like this will be undertaken once the assets are fully loaded and reconciled.

Recommendation 18 :

The SORP should be reviewed before preparing the note to the accounts to ensure the basis for the figures being disclosed is appropriate.

Progress on Actions :

Requirements on SORP have been incorporated into the closure of accounts procedures for 2009-10. Key staff have been on training course on SORP 2009. The closedown process is being reviewed regularly.