

# RIBBLE VALLEY BOROUGH COUNCIL REPORT TO ACCOUNTS AND AUDIT COMMITTEE

Agenda Item No 6

meeting date: 30 MARCH 2011  
title: CLOSURE OF ACCOUNTS TIMETABLE 2010/11  
submitted by: DIRECTOR OF RESOURCES  
principal author: LAWSON ODDIE

## 1 PURPOSE

- 1.1 To remind members of the statutory requirement to closedown our accounts by 30 June 2011 and publish them by 30 September 2011, although there are proposals to change this requirement, which are covered elsewhere on the agenda.
- 1.2 To inform members of the benefits of closing down our accounts by these deadlines, in particular the good governance aspects.
- 1.3 To consider the detailed timetable to be adhered to if we are to achieve the required deadlines.

## 2 BACKGROUND

- 2.1 The Accounts and Audit Regulations (2003) set out detailed prescription about the format and content of the statement of accounts and allocate certain responsibilities to participants in the accounts production process. In addition the Accounts and Audit Regulations (2006) introduced significant changes to these regulations. Further amendments were also made in 2009.
- 2.2 The Regulations state that authorities must closedown their accounts by the end of June each year. This deadline was brought forward by three months over consecutive financial years. This had important implications for local authorities in terms of planning to ensure critical tasks were met and the approval of accounts carried out by the deadline.

## 3 THE ACCOUNTS AND AUDIT REGULATIONS

- 3.1 The principal matters covered by the regulations relevant to accounts preparation are:
  - the director of finance must ensure that the accounting records kept by the authority are sufficient to enable the preparation of the statement of accounts
  - the statement of accounts is required to be prepared in accordance with the Regulations and proper practices
  - the director of finance is required to certify that the accounts give a “true and fair view” of the financial position
  - a committee or members meeting as a whole are to approve the accounts as soon as is reasonably practicable
  - an annual review of the effectiveness of internal controls is required, which will feed into a statement on the system of internal control to be included in the statement of accounts (England only)

- the authority is to advertise electors' rights before the statutory inspection period and upon certification that the audit is complete
- the authority is to allow access to the accounts and specified supporting documents during the public inspection period
- publication of the accounts is to be achieved by particular dates, with or without the audit opinion

The Regulations stipulate various responsibilities for the closure of accounts;

**Members**

- Ensuring adequate and effective financial management
- Ensuring that the authority has a sound system of internal control that facilitates the effective exercise of its functions and which includes arrangements for the management of risk
- Maintaining an adequate and effective system of internal audit in accordance with proper audit practices (the CIPFA Code of Practice for Internal Audit in Local Government in the UK)
- Ensuring that the statement of accounts is prepared in accordance with the Regulations
- Approving by a resolution of a committee or members meeting as a whole as soon as is reasonably practicable
- Signing and dating of the statement of accounts by the presiding member at the approval

**Chief  
Finance  
Officer**

- Determining on behalf of the authority;
  - ✓ its accounting records (including the form of accounts and supporting accounting records)
  - ✓ its accounting control systems
 and ensuring that they are observed and that accounting records are maintained in accordance with 'proper practices' and are kept up to date
- Ensuring that accounting records are sufficient to show the authority's transactions and to enable the chief finance officer to ensure that the statement of accounts complies with the Regulations. In particular, the records shall contain:
  - ✓ entries from day to day of all monies received and expended and the matters to which the income and expenditure account relates
  - ✓ a record of the assets and liabilities of the authority
  - ✓ a record of income and expenditure in relation to claims for government contributions, grants and subsidies

- Ensuring that accounting control systems include:
  - ✓ measures to ensure financial transactions are recorded as soon as reasonably practicable and as accurately as reasonably possible
  - ✓ measures to enable the prevention and detection of fraud and corruption
  - ✓ the ability to reconstitute any lost records
  - ✓ identification of the duties of officers dealing with financial transactions and division of responsibilities of those officers in relation to significant transactions
  - ✓ procedures to ensure that uncollectable amounts (including bad debts) are not written off except with the approval of the responsible financial officer (RFO) (or their nominee) and that approval is shown in the accounting records
  - ✓ measures to ensure that risk is managed appropriately
- Signing and dating the statement of accounts and certifying that it gives a “true and fair view” of the financial position of the body at the end of the year and its income and expenditure

3.2 The Regulations also contain important procedural requirements for the accounts production process;

- ❖ Authorities are required to publish their accounts as soon as reasonably possible after the auditor has certified the audit closed and in any event no later than **30 September**.
- ❖ The Regulations do not define what constitutes ‘publication’, but do confirm that it must be something more than inclusion in the agenda papers of a council or committee meeting. In previous years we decided to ‘publish’ our accounts on our website. We intend to continue publishing our accounts via this method.
- ❖ Authorities must advertise that the audit has been concluded and that the statement of accounts is available for inspection by the electors
- ❖ The auditor is responsible for appointing a day on which electors may exercise their rights to ask questions about the accounts and make objections and for notifying the authority of the date. The authority must make available for public inspection the accounts and supporting documents for **20 working days** before the auditor’s appointed day.
- ❖ The authority must advertise the inspection period at least **14 days before** it is to commence.

## 4 GOVERNANCE ISSUES

4.1 The early production of the statement of accounts is an essential element of good governance, therefore enabling members to;

- ❖ Receive assurance that accounting systems have operated adequately and have been closed down satisfactorily
- ❖ Have confidence that the budget for the current year has a secure foundation
- ❖ Understand the corporate financial performance during the year and also the position at 31 March
- ❖ Adopt the statement of accounts

4.2 It is important that members are aware of the comfort gained from having the statement of accounts published and also that this comfort should be provided at the earliest opportunity. If members fully scrutinise the accounts authorities are in an ideal situation:

- ❖ An interested readership will encourage a focus to disclosures
- ❖ A source of challenge for the content and presentation of the statement of accounts
- ❖ Demand for prompt production at the highest level in the authority that will provide muscle to attempts to meet deadlines

4.3 A statutory requirement from 2007/08 was introduced to produce an Annual Governance Statement (AGS). This forms part of the Statement of Accounts.

## 5 REVISION AND CONSOLIDATION OF THE ACCOUNTS AND AUDIT REGULATIONS 2003

5.1 There are further possible implications for this council from the revision and consolidation of the Accounts and Audit Regulations 2003. These issues are covered elsewhere within the agenda for this committee, however the main items which impact on this council are:

- It may no longer be a requirement, if the regulations come in to force on 31 March 2011, for this Committee to approve the draft financial statements at their meeting in June each year.
- Amendment to require the statement of internal control (the Annual Governance Statement) to accompany the published accounts rather than 'to be included with'

5.2 Should the proposals come in to force as planned on the 31 March 2011 they would apply to the 2010/11 Statement of Accounts. The timetable at Annex 1 will be amended with regard to any implications from the consolidation of the Accounts and Audit Regulations 2003

## 6 ISSUES FACING RIBBLE VALLEY

### 6.1 ***Budget Pressures***

Members will recall the difficulties in setting the 2011/12 budget following the Government cuts to formula grant. As with previous years significant savings had to be found to produce an affordable budget. However, it is known that we will need to make even more substantial savings for the 2012/13 budget based on the provisional formula grant we have been notified of for 2012/13

Therefore it is imperative that the accounts for the current year are closed as soon as reasonably practicable in order to inform the budget setting process. We will then be in a position to consider the council's reserves and balances and areas of over/under spending. Adding to the pressure is the uncertainty surrounding the level of future public sector funding.

### 6.2 ***Practical Issues***

Last year our accounts were approved by the Accounts and Audit Committee on 30 June 2010. The final accounts, following amendments suggested by our auditors (via their ISA 260 report), were also approved by the Accounts and Audit Committee on 15 September 2010. This arrangement worked very well with the Committee members able to give due consideration to the accounts and scrutinise areas they felt necessary.

For the 2010/11 closedown, the timetable shows that we intend to bring the final accounts to your meeting on Wednesday 29 June 2011 for approval to comply with the current statutory

deadline. However, this may change if the revision and consolidation of the Accounts and Audit Regulations 2003 comes into force on the 31 March 2011.

The amended final accounts, following adjustments agreed with our auditors, will need to be approved by the end of September. In the proposed Committee Meetings Timetable for 2011/12 there is a meeting of the Accounts and Audit Committee scheduled for Wednesday 24 August 2011.

### 6.3 **Resource Implications**

It should be stressed that the timetable attached assumes a full complement of accountancy staff. As members will be aware the introduction of International Financial Reporting Standards to local government has added pressure on the resources of the section as the past two year's financial statements are restated under International Financial Reporting Standards (IFRS) as comparator information in the 2010/11 Statement of Accounts.

### 6.4 **Timetable**

Based on our past experience, the availability of our external auditors and the statutory deadlines we have determined a timetable for the closure of our accounts, attached at Annex 1. We firmly believe it is important that all staff are aware of the importance of achieving these deadlines and understand the vital roles they also play.

You will see this timetable is considerably detailed and clearly indicates who is responsible for which actions. We have used our experience from last year's closure to inform this year's deadlines. Again we intend to monitor when we actually achieve each individual task in order to inform future timetables, this is especially important given the new changes to the presentation of the Accounts on an IFRS basis.

## 7 RECOMMENDED THAT COMMITTEE

### 7.1 Endorse the suggested approach for the closure of the 2010/11 accounts.

FINANCIAL SERVICES MANAGER

AA6-11/LO/AC  
17 March 2011

## Timetable for Closure of 2010/11 Accounts

No.		Completion Date	Task	Member of Staff Responsible	Date Actually Done	Comments
1		March 2011	Audit Commission – Sophia Iqbal on site <b>Interim Audit</b> looking at Financial Systems work	Lawson Oddie		
2	Fri	18 March 2011	Circulation of <b>closure memo</b> and <b>estimated creditor/debtor sheets</b>	Neil Sandiford		
3	Fri	18 March 2011	<b>Review of “open” purchase orders</b> , ie cancel/match up to invoice/keep under review to accrue	Trudy Holderness Neil Sandiford Robin Bramhall Louise Ashcroft		
4	Fri	18 March 2011	Requests for <b>year end creditor invoice training</b> for members of staff responsible for entering invoices on Powersolve to be received	Karen Blackburn Heads of Service		
5	Thurs	24 March 2011	Last <b>cheque</b> run BACS/cheque dated 31 March 2011	Accounts team IT section		
6	Fri	25 March 2011	<b>2009/10 Accounts to be reviewed and restated on IFRS basis by</b>	Lawson Oddie		
7	Mon	28 March 2011	Audit Commission to commence review of restated IFRS basis Statements	Audit Commission		
8	Thurs	31 March 2011	<u>ALL</u> <b>stock takes</b> to be carried out by service managers	Trudy Holderness Robin Bramhall Neil Sandiford Heads of Service		
9	Thurs	31 March 2011	Ensure <b>Creditors/Debtors balance reports &amp; Aged Debtors</b> reports are run at night	Accounts Team		
10	Thurs	31 March 2011	Ensure all Goods Received Notes are entered on to the Purchasing system where goods or services have been received by the end of 31 March 2011	All Staff Louise Ashcroft		

No.		Completion Date	Task	Member of Staff Responsible	Date Actually Done	Comments
11	Fri	1 April 2011	Change settings on creditor and debtor transaction codes: crinv, crvat, crcrn, crcre, crcvt, dbinv, dbvat, dbcrn, dbcvt	Lawson Oddie		
12	Fri	1 April 2011	Change default year and budget settings – including funds checking budget for purchasing.	Lawson Oddie		
13	Fri	1 April 2011	Receipt of <b>petty cash</b> books/floats/receipts	Sharon Callaghan		
14	Fri	1 April 2011	Last date for receipt of <b>staff timesheets</b> for charging to capital schemes	Sharon Callaghan Heads of Service		
15	Fri	1 April 2011	Roll Forward purchase order commitments to new financial year and provide reports to Accountants	Louise Ashcroft Robin Bramhall		
16	Fri	1 April 2011	<b>Finalise PWLB interest</b> and average interest rate for investments	Trudy Holderness		
17	Fri	1 April 2011	<b>All income up to 31 March 2011 to be paid in to either cash office/the bank for:</b> ❖ <b>Level C &amp; D receptions</b> ❖ <b>Pool</b> ❖ <b>Gym</b> ❖ <b>TIC</b> ❖ <b>Gallery</b> ❖ <b>Car Parks</b> ❖ <b>Vending Machines</b>	All staff who pay cash in		
18	Fri	1 April 2011	Income analysis sheets for Pool, Gym, TIC and Gallery to be passed to Sharon Callaghan for period up to and including 31 March 2011	Diane Miller Stephanie Hibbert Katherine Rodgers Sharon Callaghan		
19	Fri	1 April 2011	Request information from Ribble Valley Homes for VAT shelter arrangement	Neil Sandiford		
20	Tues	5 April 2011	Entry of year end cash journals	Sharon Callahan/Sally Mason		
21	Wed	6 April 2011	Last date for receipt of completed and authorised <b>stock sheets</b>	Trudy Holderness Robin Bramhall Neil Sandiford Heads of Service		

No.		Completion Date	Task	Member of Staff Responsible	Date Actually Done	Comments
22	Wed	6 April 2011	Last date for receipt of <b>council tax/NNDR</b> prints	Mark Edmondson		
23	Wed	6 April 2011	Last date for receipt of <b>sundry debtor control sheets</b> for 2010/11	Karen Keenan/Carole Malone Heads of Service All Staff		
24	Fri	8 April 2011	Completed <b>Statement 1's &amp; 2's</b> up to & incl. Friday 1 April 2011 to be passed to Sharon Callaghan and Sally Mason and thereafter on a daily basis	Carole Lockwood Michelle West Sharon Callaghan Sally Mason		
25	Fri	8 April 2011	Completion of all <b>system reconciliations</b>	All Accountancy		
26	Fri	8 April 2011	Last date for receipt of estimated <b>debtor</b> sheets	Neil Sandiford All Staff		
27	Fri	8 April 2011	Last day for <b>entering old year invoices</b> on Financials	Karen Blackburn		
28	Fri	8 April 2011	Last day for receipt of holiday and lieu time records from PAs (for IFRS)	Neil Sandiford Irene Williamson Lesley Lund		
29	Tues	12 April 2011	Last day for receipt of <b>estimated creditor sheets</b>	Neil Sandiford All Staff		
30	Tues	12 April 2011	Bank reconciliation completed and authorised	Sharon Callaghan Sally Mason Robin Bramhall		
31	Fri	15 April 2011	<b>Annual Governance Statement</b> to be produced by	Amy Gaskell Jane Pearson		
	<b>Fri</b>	<b>22 April 2011</b>	<b>Good Friday</b>			
	<b>Mon</b>	<b>25 April 2011</b>	<b>Easter Monday</b>			
	<b>Fri</b>	<b>29 April 2011</b>	<b><u>Royal Wedding Date</u></b>			
	<b>Mon</b>	<b>2 May 2010</b>	<b>May Day</b>			
32	Tues	3 May 2011	Send AGS to Leader and CE for signing	Amy Gaskell		
33	Wed	4 May 2011	Receipt of <b>FRS17 information</b> from Lancashire County Council	Lawson Oddie		

No.		Completion Date	Task	Member of Staff Responsible	Date Actually Done	Comments
34	Wed	4 May 2011	Decision taken on <b>assets to be added/written off</b>	Jane Pearson		
	<b>Thur</b>	<b>5 May 2011</b>	<b>Elections and Referendum</b>			
35	Fri	6 May 2011	<b>Central establishment recharges</b> done by	Trudy Holderness Robin Bramhall Neil Sandiford		
36	Tues	10 May 2011	<b>FRS17 adjustment journals</b> to be entered by	Lawson Oddie		
37	Fri	13 May 2011	<b>Closedown collection fund</b>	Lawson Oddie		
38	Fri	13 May 2011	<b>Capital</b> accounts finished and journals entered	Lawson Oddie Neil Sandiford		
39	Wed	18 May 2011	<b>Interest</b> allocated	Lawson Oddie		
40	Wed	18 May 2011	<b>Service committee accounts to be finished</b> and general fund summary account complete	Trudy Holderness Robin Bramhall Neil Sandiford		
41	Thurs	26 May 2011	Produce <b>I&amp;E A/C, Balance sheet</b>	Lawson Oddie		
	<b>Mon</b>	<b>30 May 2011</b>	<b>Spring Bank Holiday</b>			
42	Mon	6 June 2011	Produce <b>notes to the accounts</b>	Lawson Oddie		
43	Thurs	9 June 2011	Complete all other <b>associated statements</b> cash flow / Movement in Reserves Statement	Lawson Oddie Neil Sandiford		
44	Tues	14 June 2011	<b>Complete Explanatory Foreword</b>	Lawson Oddie		
45	Tues	14 June 2011	<b>Statement of Accounts</b> to be completed	Lawson Oddie		
46	By Mon	20 June 2011	<b>Advertise</b> accounts available for inspection from 4 July 11	Lawson Oddie		
47	Wed	29 June 2011	<b>Accounts and Audit Committee</b> meeting to approve accounts	Lawson Oddie Jane Pearson		
48	Mon	4 July 2011	Period of <b>public inspection</b> starts (20 working days before <b>appointed day</b> )	Lawson Oddie		
49	Mon	4 July 2011	Audit Commission commence final accounts <b>audit</b>	Audit Commission		

No.		Completion Date	Task	Member of Staff Responsible	Date Actually Done	Comments
50	Fri	15 July 2011	Revenue Outturn Forms to be completed by	Neil Sandiford Lawson Oddie		
51	Fri	29 July 2011	WGA Return to be completed by (Unaudited)	Neil Sandiford Lawson Oddie		
52	Mon	1 August 2011	Audit Commission <b>appointed day</b>	Audit Commission		
53	Wed	3 August 2011	Clearance meeting with Audit Commission	Audit Commission Jane Pearson Lawson Oddie		
54	Mon	8 August 2011	<b>Complete Annual Governance Report adjustments and issue final Statement of Accounts</b> to Audit Commission	Lawson Oddie Audit Commission		
55		15 August 2011	<b>Distribution Date for Accounts and Audit Committee</b>	Lawson Oddie Audit Commission		
56		24 August 2011	<b>Accounts and Audit Committee</b> meeting to consider the <b>Annual Governance Report and approve amended Final Accounts</b>	Jane Pearson Lawson Oddie Audit Commission		
	<b>Mon</b>	<b>29 August 2011</b>	<b>August Bank Holiday</b>			
57	Wed	31 August 2011	<b>Receipt of signed accounts from Audit Commission</b>	Audit Commission		
58	Fri	2 September 2011	Accounts to be <b>published</b> on website by	Lawson Oddie Kay Plant		
59	Fri	9 September 2011	<b>Summary Accounts to be prepared and published on website by</b>	Neil Sandiford Lawson Oddie		
60	Fri	30 September 2011	<b>Whole of Government Accounts return</b> to be completed by	Lawson Oddie Neil Sandiford		