

RIBBLE VALLEY BOROUGH COUNCIL REPORT TO ACCOUNTS AND AUDIT COMMITTEE

Agenda Item No 6

meeting date: 28 MARCH 2012
title: CLOSURE OF ACCOUNTS TIMETABLE 2011/12
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 2012 and publish them including any certificate, opinion or report issued by the auditor, by 30 September 2012.
- 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 and the regulations have more recently been consolidated in 2011.
- 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.

The Regulations stipulate various responsibilities for the closure of accounts;

<u>Members</u>	<ul style="list-style-type: none"> • 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 after audit • Signing and dating of the statement of accounts by the presiding member at the approval
<u>Chief Finance Officer</u>	<ul style="list-style-type: none"> • Determining on behalf of the authority; <ul style="list-style-type: none"> ✓ 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: <ul style="list-style-type: none"> ✓ 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 , no later than 30 June, 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 including the address at which and the hours during which the accounts are available for inspection and details of where the statement of accounts may be found on the councils web site.
- ❖ 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

5 ISSUES FACING RIBBLE VALLEY

5.1 ***Budget Pressures***

Members will recall the difficulties in setting the 2012/13 budgets following the Government cuts to formula grant. As with previous years significant savings had to be found to produce an affordable budget.

The council does not know what level of government support will be provided in 2013/14 onwards, and the current local government resource review looks to fundamentally change the manner in which council services are financially supported, which adds further to the uncertainty.

As a consequence, it is anticipated that we may need to make further savings for the 2013/14 budget based on the governments intention to continue to reduce the budget deficit. The extent to which this will impact on local government has yet to be advised but the expectation is that the squeeze on the councils finances will continue for some years to come.

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.

5.2 ***Practical Issues***

Last year our accounts were approved by the Accounts and Audit Committee on 29 June 2011. The final accounts, following amendments suggested by our auditors (via their Annual Governance Report), were also approved by the Accounts and Audit Committee on 24 August 2011. This arrangement worked very well with the Committee members able to give due consideration to the accounts and scrutinise areas they felt necessary.

The Accounts and Audit Regulations 2011 removed the requirement for this committee to approve the statement of accounts by the 30 June following the end of the financial year. The new requirement is for the responsible financial officer to sign and date the statements as a 'true and fair view' by no later than the 30 June.

However, it was agreed last year at this committee that as good practice we would continue to seek member approval at this committee before the end of June. Therefore the statement of accounts will be presented at the next meeting of this committee on Wednesday 27 June 2012 for approval. This will be prior to the commencement of the external audit, which starts on the 2 July.

The amended final accounts, following adjustments agreed with our auditors, will need to be approved by the end of September. For a second year, our external auditors are seeking to sign off the council's statement of accounts early and as a result the audited statement of accounts will be brought back to this committee on Wednesday 29 August 2012 for approval. It is important that all members endeavour to attend in order to ensure that the meeting is quorate.

5.3 **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 last year to local government has added pressure on the resources of the section. However, the level of restatement seen last year will not be required this year.

5.4 **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. As you will see from the timetable, a number of tasks have already begun or been completed.

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.

6 RECOMMENDED THAT COMMITTEE

- 6.1 Endorse the suggested approach for the closure of the 2011/12 accounts.

HEAD OF FINANCIAL SERVICES

AA3-12/LO/AC
16 March 2012

Timetable for Closure of 2011/12 Accounts

No.		Completion Date	Task	Member of Staff Responsible	Date Actually Done	Comments
1		6 – 21 Feb 2012	Audit Commission – Sophia Iqbal etc. on site Interim Audit looking at Financial Systems work	Lawson Oddie		
2	Fri	16 March 2012	Circulation of closure memo and estimated creditor/debtor sheets	Neil Sandiford		
3	Fri	16 March 2012	Requests for year end creditor invoice training for members of staff responsible for entering invoices on Powersolve to be received	Karen Blackburn Heads of Service		
4	Fri	23 March 2012	Review of “open” purchase orders , i.e. cancel/match up to invoice/keep under review to accrue	Trudy Holderness Neil Sandiford Robin Bramhall Louise Ashcroft		
5	Weds	28 March 2012	Last cheque run BACS/cheque dated 30 March 2012	Accounts team IT section		
6	Fri	30 March 2012	ALL stock takes to be carried out by Heads of Service	Trudy Holderness Robin Bramhall Neil Sandiford Heads of Service		
7	Fri	30 March 2012	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 2012	All Staff Louise Ashcroft		
8	Sat	31 March 2012	Ensure Creditors/Debtors balance reports & Aged Debtors reports are set to run at overnight on the Saturday	Accounts Team		
9	Mon	2 April 2012	Change settings on creditor and debtor transaction codes: crinv, crvat, crcrn, crcre, crcvt, dbinv, dbvat, dbrn, dbcvt	Lawson Oddie		

No.		Completion Date	Task	Member of Staff Responsible	Date Actually Done	Comments
10	Mon	2 April 2012	Change default year and budget settings – including funds checking budget for purchasing.	Lawson Oddie		
11	Mon	2 April 2012	Receipt of petty cash books/floats/receipts	Sharon Callaghan All staff responsible for petty cash floats		
12	Mon	2 April 2012	Last date for receipt of office staff capital timesheets for charging to capital schemes. Also Works Administration and Grounds Maintenance timesheets	Sharon Callaghan Kay Plant Sally Mason Heads of Service		
13	Mon	2 April 2012	Roll Forward purchase order commitments to new financial year and provide reports to Accountants	Louise Ashcroft Robin Bramhall		
14	Mon	2 April 2012	Finalise PWLB interest and average interest rate for investments	Trudy Holderness		
15	Mon	2 April 2012	All income up to 31 March 2012 to be paid in to cash office: ❖ Level C & D receptions ❖ Pool ❖ Gym ❖ TIC ❖ Gallery ❖ Car Parks ❖ Vending Machines	All staff who pay cash in		
16	Mon	2 April 2012	Income analysis sheets for Pool, Gym, TIC and Gallery to be passed to Sharon Callaghan/Sally Mason for period up to and including 31 March 2012	Colin Winterbottom Stephanie Hibbert Katherine Rodgers Sharon Callaghan		
17	Mon	2 April 2012	Request information from Ribble Valley Homes for VAT shelter arrangement	Neil Sandiford		
18	Tues	3 April 2012	Cash office to have processed all bank statements up to 31 March 2012	Carole Lockwood Michelle West		

No.		Completion Date	Task	Member of Staff Responsible	Date Actually Done	Comments
19	Wed	4 April 2012	Entry of year end cash journals	Sharon Callahan/Sally Mason		
20	Wed	4 April 2012	Completed Statement 1's & 2's up to & incl. 31 March 2012 to be passed to Sharon Callaghan and Sally Mason and thereafter on a daily basis	Carole Lockwood Michelle West Sharon Callaghan Sally Mason		
21	Thu	5 April 2012	Last date for receipt of completed and authorised stock sheets	Trudy Holderness Robin Bramhall Neil Sandiford Heads of Service		
22	Thu	5 April 2012	Last date for receipt of council tax/NNDR prints	Mark Edmondson		
23	Thu	5 April 2012	Last date for receipt of undry debtor control sheets for 2011/12	Karen Keenan/Carole Malone Heads of Service All Staff		
24	Fri	6 April 2011	Good Friday			
25	Mon	9 April 2011	Easter Monday			
26	Tues	10 April 2012	Completion of all system reconciliations	All Accountancy		
27	Tues	10 April 2012	Last date for receipt of estimated debtor sheets	Neil Sandiford All Staff		
28	Tues	10 April 2012	Last day for receipt of holiday and lieu time records from PAs (for IFRS)	Neil Sandiford Irene Williamson Lynne Calver		
29	Tues	10 April 2012	Bank reconciliation completed and authorised	Sharon Callaghan Sally Mason Robin Bramhall		
30	Thurs	12 April 2012	Last day for entering old year invoices on Financials	Karen Blackburn All Staff		
31	Thurs	12 April 2012	Last day for receipt of estimated creditor sheets	Neil Sandiford All Staff		
32	Fri	13 April 2012	Annual Governance Statement to be produced by	Amy Gaskell Jane Pearson		
33	Tues	1 May 2012	Send AGS to Leader and CE for signing	Amy Gaskell		

No.		Completion Date	Task	Member of Staff Responsible	Date Actually Done	Comments
34	Wed	2 May 2012	Receipt of IAS19/FRS17 information from Lancashire County Council	Lawson Oddie		
35	Wed	2 May 2012	Decision taken on assets to be added/written off	Jane Pearson		
36	Fri	4 May 2012	Central establishment recharges done by	Trudy Holderness Robin Bramhall Neil Sandiford		
37	Mon	7 May 2012	May Day			
38	Tues	8 May 2012	IAS19/FRS17 adjustment journals (as required) to be entered by	Lawson Oddie		
39	Fri	11 May 2012	Closedown collection fund	Lawson Oddie		
40	Fri	11 May 2012	Capital accounts finished and journals entered	Lawson Oddie Neil Sandiford		
41	Wed	16 May 2012	Interest allocated	Lawson Oddie		
42	Wed	16 May 2012	Service committee accounts to be finished and general fund summary account complete	Trudy Holderness Robin Bramhall Neil Sandiford		
43	Thurs	24 May 2012	Produce I&E A/C, Balance sheet	Lawson Oddie		
44	Fri	1 June 2012	Produce notes to the accounts	Lawson Oddie		
45	Mon	4 June 2012	Spring Bank Holiday			
46	Tues	5 June 2012	Diamond Jubilee			
47	Thurs	8 June 2012	Complete all other associated statements cash flow / Movement in Reserves Statement	Lawson Oddie Neil Sandiford		
48	Tues	12 June 2012	Complete Explanatory Foreword	Lawson Oddie		
49	Tues	12 June 2012	Statement of Accounts to be completed	Lawson Oddie		
50	By Mon	18 June 2012	Advertise accounts available for inspection from 2 July 2012	Lawson Oddie		
51	Mon	18 June 2012	Distribution date for Accounts and Audit Committee	Lawson Oddie		

No.		Completion Date	Task	Member of Staff Responsible	Date Actually Done	Comments
52	Wed	27 June 2012	Accounts and Audit Committee meeting to approve accounts	Lawson Oddie Jane Pearson		
53	Mon	2 July 2012	Period of public inspection starts (20 working days before appointed day)	Lawson Oddie		
54	Mon	2 July 2012	Audit Commission commence final accounts audit	Audit Commission		
55	Fri	13 July 2012	Revenue Outturn Forms to be completed by	Neil Sandiford Lawson Oddie		
56	Mon	30 July 2012	WGA Return to be completed by (Unaudited)	Neil Sandiford Lawson Oddie		
57	Wed	1 August 2012	Clearance meeting with Audit Commission	Audit Commission Jane Pearson Lawson Oddie		
58	Thurs	2 August 2012	Audit Commission appointed day	Audit Commission		
59	Mon	13 August 2012	Complete Annual Governance Report adjustments and issue final Statement of Accounts to Audit Commission	Lawson Oddie Audit Commission		
60	Mon	20 August 2012	Distribution Date for Accounts and Audit Committee	Lawson Oddie Audit Commission		
61	Mon	27 August 2012	August Bank Holiday			
62	Wed	29 August 2012	Accounts and Audit Committee meeting to consider the Annual Governance Report and approve amended Final Accounts	Jane Pearson Lawson Oddie Audit Commission		
63	Fri	31 August 2012	Receipt of Accounts opinion from Audit Commission	Audit Commission		
64	Mon	3 September 2012	Accounts to be published on website by	Lawson Oddie Kay Plant		
65	Fri	7 September 2012	Summary Accounts to be prepared and published on website by	Neil Sandiford Lawson Oddie		
66	Fri	28 September 2012	Whole of Government Accounts return (audited) to be completed by	Lawson Oddie Neil Sandiford		

