

AUDIT COMMITTEE

20 DECEMBER 2012

PREPARATION FOR COMPILING THE STATEMENT OF ACCOUNTS 2012/2013

Report from: Mick Hayward, Chief Finance Officer

Author: Andy Larkin, Finance Support Manager

Summary

This report presents to Committee the Statement of Accounts 2012/2013 timetable to ensure that the Authority has the capacity to produce the 2012/13 financial statements in a timely fashion and to a high standard.

1. Budget and Policy Framework

- 1.1 The receipt of this report setting out the work carried out to ensure the successful completion of the 2012/2013 accounts is a matter for the Audit Committee.

2. Background

- 2.1 Audit Committee received the Annual Governance Report 2011/2012 from our external auditors PKF on the 26 September 2012 and much of that report is summarised in the Audit letter elsewhere on this agenda. One of the recommendations within that report was that "The closedown timetable should include sufficient capacity to complete a qualitative review of the draft financial statements". It was agreed that officers would review the year-end closedown timetable operated for 2011/2012 and report back to the Audit Committee.
- 2.2 The accounts for 2011/2012 were successfully completed, with an unqualified opinion, and were presented to the committee on the 26 September 2012.

3. Preparation for the closure of 2012/2013

- 3.1 One of the key risks to the successful closedown of the statement of accounts is the loss of knowledge if key staff leave the Council. Unfortunately that risk is now occurring with the Principal Accountant Finance Support leaving the authority to take up a promotion at another authority. This is a substantial loss although throughout the closedown cycle for 2011/2012 regular knowledge sharing meetings were held, robust working papers assembled and the

closedown process was closely scrutinised by the team producing the accounts, all of which will assist in mitigating the impact of this loss. The post has been approved for recruitment and advertised. It is anticipated that if the recruitment process is successful that the new postholder will take up duties in March or April 2013.

- 3.2 Further risks that may impact upon the closedown process will arise from managing the Council's new bank tender and contract and implementation of the new Hosted Civica cash receipting system that is being rolled out across the Council in the same timeframe as the closedown period.
- 3.3 An automated testing process was developed for the 2011/2012 closedown process to reduce the risk that the statement of accounts, disclosures and supporting statements are incomplete, inaccurate or contained inconsistencies. This has been further enhanced and improved for 2012/2013 closedown.
- 3.4 A draft revised timetable for 2012/2013 has now been created and is shown as Appendix A to this report. The draft timetable shows the key tasks to be carried out, the target and actual dates for 2011/2012 by way of reference and the 2012/2013 target date.
- 3.5 A major obstacle in 2011/2012 was the re-building of the Asset Register Logotech and this was not achieved until early May. In addition staff were still acquiring experience on the IFRS regulations. This inevitably, led to a significant backlog of work, which the team worked to clear to present a robust set of accounts to the Audit Committee in July, but the review period had been squeezed.
- 3.6 The 2011/2012 accountancy closedown timetable was the first year for which the new arrangements were in place and from necessity the timetable was built on assumptions for which there was no past experience. The 2012/2013 timetable has been built on the experience of 2011/2012 and reflects team awareness, system improvement and robust working papers.
- 3.7 Officers are currently consulting to bring forward by one week the processing of accrued invoices from the third week in April. If this is implemented it will effectively allow an additional week for the final accounts process.
- 3.8 The draft Final Accounts Timetable attached as Appendix A builds in a two week period (14 June to 28 June 2013) to complete a qualitative review of the draft financial statements.
- 3.9 The 2011/2012 closedown process was project managed through to completion, incorporating weekly meetings with key finance staff where, issues, problems and barriers could be discussed and resolved. A weekly summary was forwarded to the Chief Finance Officer advising him of progress and any issues arising. The same approach will be taken for the preparation of the 2012/2013 Statements and Notes to the Accounts.

- 3.10 There has been a review meeting of the 2011/2012 closedown process with the external auditors with a further 2012/2013 planning meeting arranged for early 2013.

4. Financial and Legal Implications

- 4.1 There are no legal and financial implications arising from this report.

5. Risk Management

- 5.1 The key risks to the successful completion of this years statement of accounts and year end audit are:
- The loss of key staff;
 - Actions or lack of actions from staff or departments outside of the control of Finance Support;
 - Late changes to the accounts due to the large number of inter-linking statements and disclosures within the accounts and,
 - Other Council priorities such as Bank Tender and Implementation of new hosted cash receipting system, impacting upon the process.

It is believed that the actions set out in section 3 have mitigated these risks as far as is possible.

6. Recommendation

- 6.1 That the report is noted.

Lead Officer Contact:
Andy Larkin Finance Support Manager

Background Papers: None

Draft Finance Support Timetable for 2012/13 Final Accounts



Note	Description	Responsible Officer	Target Date 2011-2012	Completion	
				Date 2011-2012	Target Date 2012-2013
PPE	Receive Valuations as at 01/04/12 from Property (GF and HRA)	Property			21/12/12
PPE	Input valuations as at 01/04/12 into Logotech	SAFS			11/01/13
	Send bank authorisation to schools for completion	C & A Finance			18/01/13
	Schools send completed authorisation letter to bank and copy to C & A Finance	Schools			01/02/13
N7	Revaluation of Heritage Assets complete and available to finance	EISM	N/a	N/a	01/03/13
WGA	Whole of Government Accounts (WGA) Return Available For Completion	Central Government (SAFS)	27/04/12	25/05/12	01/03/13
CER	CER Available For Completion	Central Government (FMCA/FMBR)			06/03/13
RA	RA Forms Available For Completion	Central Government (FMBR)	23/03/12	27/03/12	15/03/13
N27 (T)	Central Government	FSM	29/03/12	23/03/12	22/03/13
N26	External Audit Costs	SAFS	29/03/12	29/03/12	28/03/13
N6	Calculate depreciation for PPE	SAFS	29/03/12	09/05/12	28/03/13
N6	Lotting (if applicable)	SAFS/PAFS	29/03/12	29/03/12	28/03/13
N6 (T)	Depreciation	SAFS/PAFS	29/03/12	29/03/12	28/03/13
N6 (T)	Revaluations	SAFS/PAFS	29/03/12	29/03/12	28/03/13
N6 (T)	Inspections	SAFS/PAFS	29/03/12	29/03/12	28/03/13
N6 (T)	Information from other parts of the Council	SAFS/PAFS	29/03/12	29/03/12	28/03/13
N6 (T)	Title	SAFS/PAFS	29/03/12	29/03/12	28/03/13
N6 (T)	Planning proposals	SAFS/PAFS	29/03/12	29/03/12	28/03/13
N6 (T)	Construction and state of repair	SAFS/PAFS	29/03/12	29/03/12	28/03/13
N6 (T)	Deleterious or hazardous substances	SAFS/PAFS	29/03/12	29/03/12	28/03/13
N6 (T)	Environmental Assessment	SAFS/PAFS	29/03/12	29/03/12	28/03/13
N6 (T)	Plant and machinery	SAFS/PAFS	29/03/12	29/03/12	28/03/13
N6 (T)	Vat, taxation and costs of realisation	SAFS/PAFS	29/03/12	29/03/12	28/03/13
N6 (T)	Valuation Commentary	SAFS/PAFS	29/03/12	29/03/12	28/03/13
SoR (T)	Statement of Responsibilities Complete	SAFS	29/03/12	23/03/12	28/03/13

Appendix A

Note	Description	Responsible Officer	Target Date 2011-2012	Completion	Target Date 2012-2013
				Date 2011 2012	
N22	Members' Allowances	FMBR/PABR	25/05/12	03/04/12	05/04/13
N29/N4/N6	Calculate Embedded Lease Finance Charges/Depreciation	SAFS	27/04/12	16/04/12	05/04/13
N30	Impairment Losses	SAFS/PAFS	11/05/12	19/06/12	05/04/13
N6	Removal of Schools Transferring to Academies	SAFS/PAFS	05/04/12	05/04/12	05/04/13
HRA Nt 10	Gross Rent Debit	SAHCS	13/04/12	13/04/12	12/04/13
HRA Nt 3	Dwelling Stock	SAHCS	13/04/12	13/04/12	12/04/13
HRA Nt 9	Tenants' Arrears	SAHCS	13/04/12	13/04/12	12/04/13
N36	Liquidity risk	PAFS	20/04/12	20/04/12	19/04/13
N36	Market risk	PAFS	20/04/12	20/04/12	19/04/13
N36	Price Risk	PAFS	20/04/12	20/04/12	19/04/13
N36 (T)	Interest rate risk	PAFS	20/04/12	20/04/12	19/04/13
N36 (T)	Foreign Exchange Risk	PAFS	20/04/12	20/04/12	19/04/13
RA	RA Completed Forms Due (tbc)	FMBR	26/04/12	03/05/12	19/04/13
	Last Day of Input of JV01's for 2011/12		20/04/12	20/04/12	19/04/13
	First Day of Input for JV05's/JV12's for 2011/12		23/04/12	23/04/12	22/04/13
FSG (T)	Financial Statements Glossary Complete	FSM	24/04/12	24/04/12	26/04/13
N16	Financial Instruments Adjustment Account	PAFS	27/04/12	27/04/12	26/04/13
N18	Collection Fund Adjustment Account	FSM	27/04/12	21/05/12	26/04/13
N23	Officers' Remuneration	FMCA	27/04/12	21/06/12	26/04/13
N27 (T)	Other Public Bodies	FSM	27/04/12	01/06/12	26/04/13
N29	Lease Questionnaires Data Compiled from Returns	PAFS	12/04/12	27/04/12	26/04/13
N29	Leases	PAFS/FSM	27/04/12	18/05/12	26/04/13
N29	Council as Lessor	PAFS/FSM	27/04/12	18/05/12	26/04/13
N31	Termination Benefits	FMCA	25/05/12	21/06/12	26/04/13
SFSCF	The Collection Fund Statement	FSM	27/04/12	07/05/12	26/04/13
SFSCF1	Council Tax	FSM	27/04/12	07/05/12	26/04/13
SFSCF2	Income from Business Rates	FSM	27/04/12	21/05/12	26/04/13
SFSCF3 (T)	Contribution to Non-Domestic Rate Pool	FSM	27/04/12	07/05/12	26/04/13
SFSCF4	Impairment of Debts/Appeals	FSM	27/04/12	07/05/12	26/04/13
SFSCF5	Surplus/Deficit	FSM	27/04/12	09/05/12	26/04/13
SoAP (T)	Statement of Accounting Policies Complete	FSM	27/04/12	24/04/12	26/04/13
HRA Nt 7	Summary of HRA Capital Receipts	SAHCS	04/05/12	30/04/12	03/05/13
N16	Accumulated Absences Account	PABR	04/05/12	27/04/12	03/05/13

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Note	Description	Responsible Officer	Target Date 2011-2012	Completion Date 2011 2012	Target Date 2012-2013
N16	Accumulated Absences Account	PACA	04/05/12	18/06/12	03/05/13
N27	Members	PAFS/FSM	04/05/12	01/06/12	03/05/13
N27	Officers	PAFS/FSM	04/05/12	06/06/12	03/05/13
N29	Council as Lessee	PAFS/FSM	27/04/12	04/05/12	03/05/13
	Last Day for Input of JV12 Accruals and JV05 Prior Yr Journals		04/05/12	04/05/12	03/05/13
COR	COR Forms Available For Completion	Central Government (FMBR/PABR)	08/05/12	09/05/12	10/05/13
N34 (T)	Contingent Liabilities	FSM	11/05/12	06/06/12	10/05/13
N35 (T)	Contingent Assets	FSM	11/05/12	01/06/12	10/05/13
N36	Credit risk	PAFS/EISM/RBM	11/05/12	30/05/12	10/05/13
N36 (T)	Nature and Extent of Risks Arising from Financial Instruments	PAFS/EISM/RBM	11/05/12	30/05/12	10/05/13
N8	Investment Properties	FMBR/PABR	11/05/12	08/05/12	10/05/13
RO	RO Forms Available For Completion	(FMCA)	04/05/12	11/05/12	10/05/13
	IAS 19 Actuary Report received from KCC	KCC	09/05/12	09/05/12	10/05/13
	Capital & Revenue Closed		11/05/12	11/05/12	10/05/13
CAP 1	Completion of CAP 1 (Capital Outturn/Capital Funding)	FMBR	18/05/12	29/05/12	17/05/13
HRA Nt 2	Transfers to or from (earmarked) reserves	SAHCS	18/05/12	18/05/12	17/05/13
HRA Nt 5	Major Repair Reserve	SAHCS	18/05/12	18/05/12	17/05/13
HRA Nt 6	Analysis of HRA Capital Expenditure and Funding	SAHCS	18/05/12	18/05/12	17/05/13
HRA Nt 8	Housing Subsidy	SAHCS	18/05/12	16/05/12	17/05/13
N26	Grant Income	PABR/FMBR	18/05/12	29/06/12	17/05/13
N39	Heritage Assets: Five-Year Summary of Transactions	SAFS/PAFS	18/05/12	18/06/12	17/05/13
N40	Heritage Assets: Further Information on the Museum's Collections	SAFS/PAFS	18/05/12	21/06/12	17/05/13
N40	Heritage Assets of Particular Importance	SAFS/PAFS	18/05/12	21/06/12	17/05/13
N40	Preservation and Management	SAFS/PAFS	18/05/12	21/06/12	17/05/13
N40 (T)	Ceramics, Porcelains and Figurines	SAFS/PAFS	18/05/12	21/06/12	17/05/13
N40 (T)	Art Collection	SAFS/PAFS	18/05/12	12/06/12	17/05/13
N40 (T)	Machinery, Equipment and Other Artefacts relating to the Pottery Industry	SAFS/PAFS	18/05/12	21/06/12	17/05/13
N40 (T)	Archaeology Collection	SAFS/PAFS	18/05/12	21/06/12	17/05/13
N41	Heritage Assets	SAFS/PAFS	18/05/12	12/06/12	17/05/13
N41	Effect on Balance Sheet 1 April 2010	SAFS/PAFS	18/05/12	12/06/12	17/05/13
N41	Comprehensive Income and Expenditure Statement	SAFS/PAFS	18/05/12	12/06/12	17/05/13
N41	Movement in Reserves Statement - Unusable Reserves 2010/11	SAFS/PAFS	18/05/12	12/06/12	17/05/13

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Note	Description	Responsible Officer	Target Date 2011-2012	Completion Date 2011- 2012	Target Date 2012-2013
N41 (T)	Heritage Assets: Change in Accounting Policy Required by the Code of Practice for Local Authority Accounting in the United Kingdom	SAFS/PAFS	18/05/12	12/06/12	17/05/13
N5	Taxation and Non-Specific Grant income	SAFS/PAFS	18/05/12	20/06/12	17/05/13
N9	Reclassifications	PAFS	11/05/12	14/05/12	17/05/13
N9	Fair Value of Assets and Liabilities	PAFS	11/05/12	14/05/12	17/05/13
N9	Fair Value of Assets and Liabilities	FMCA	18/05/12	17/05/12	17/05/13
	IAS 19 Adjustments as a result of actual pension costs from Actuary report complete	FMCA / FMBR	25/05/12	25/05/12	17/05/13
	Contingent Liabilities to be confirmed	FSM	22/06/12	06/06/12	17/05/13
EF	Explanatory Foreward Complete	FMCA/FMBR	18/05/12	31/05/12	24/05/13
EF	Explanatory Foreward Treasury Complete	FSM	18/05/12	06/06/12	24/05/13
EF	Explanatory Foreward Fixed Assets Complete	SAFS/PAFS	18/05/12	25/06/12	24/05/13
N16	Pensions Reserve	FSM	25/05/12	25/05/12	24/05/13
N21	Pooled Budgets	FMCA	25/05/12	25/05/12	24/05/13
N25	Dedicated Schools Grant	PACA	18/05/12	25/05/12	24/05/13
N28	Capital Expenditure and Capital Financing	SAFS	18/05/12	18/06/12	24/05/13
N3	Other Operating Expenditure	FMBR/SAFS/PAFS	18/05/12	18/06/12	24/05/13
N32	Pension Schemes Accounted for as Defined Contribution Schemes	FSM	25/05/12	28/05/12	24/05/13
N33	Transactions Relating to Post Employment Benefits	FSM	25/05/12	25/05/12	24/05/13
N33	Assets and Liabilities in Relation to Post-employment Benefits	FSM	25/05/12	25/05/12	24/05/13
N33	Scheme History	FSM	25/05/12	25/05/12	24/05/13
N33	Basis for Estimating Assets and Liabilities	FSM	25/05/12	25/05/12	24/05/13
N33	History of Experience Gains and Losses	FSM	25/05/12	25/05/12	24/05/13
N33 (T)	Defined Benefit Pension Schemes	FSM	25/05/12	25/05/12	24/05/13
	Completion of all revenue and appropriations to I&E		18/05/12	25/06/12	24/05/13
AGS (T)	Annual Governance Statement Complete	MO	01/06/12	06/06/12	31/05/13
HRA I&E	HRA Income and Expenditure Statement	SAHCS	18/05/12	27/06/12	31/05/13
HRA MiRS	Movement on the Housing Revenue Account Statement	SAHCS	18/05/12	27/06/12	31/05/13
HRA Nt 1	Adjustments between accounting basis and funding basis under statute	SAHCS	18/05/12	27/06/12	31/05/13
HRA Nt 4	HRA Fixed Assets	SAFS	18/05/12	22/06/12	31/05/13
N14	Provisions	EISM/SAFS/PAFS	18/05/12	18/06/12	31/05/13
N20	Amounts Reported for Resource Allocation Decisions	FMBR/PABR	18/05/12	26/06/12	31/05/13
N20	Reconciliation of Directorate Income and Expenditure to Cost of Services in the Comprehensive Income and Expenditure Statement	FMBR/PABR	18/05/12	26/06/12	31/05/13

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Note	Description	Responsible Officer	Target Date 2011-2012	Completion	Target Date 2012-2013
				Date 2011 2012	
N20	Reconciliation to Subjective Analysis	FMBR/PABR	18/05/12	26/06/12	31/05/13
N4	Financing and Investment Income and Expenditure	PAFS	25/05/12	18/06/12	31/05/13
N6	Capital Commitments	SAFS/PAFS	11/05/12	12/06/12	31/05/13
N6	Property, Plant and Equipment	SAFS/PAFS	18/05/12	22/06/12	31/05/13
N7	Heritage Assets	SAFS/PAFS	18/05/12	12/06/12	31/05/13
N7	Ceramics, Porcelain Work and Figurines	SAFS/PAFS	18/05/12	12/06/12	31/05/13
N7	Art Collection	SAFS/PAFS	18/05/12	12/06/12	31/05/13
N7	Machinery, Equipment and other Artefacts from the Pottery Industry	SAFS/PAFS	18/05/12	12/06/12	31/05/13
N7	Additions comprise:	SAFS/PAFS	18/05/12	12/06/12	31/05/13
N7	Disposals in 20X1/X2 include:	SAFS/PAFS	18/05/12	12/06/12	31/05/13
N9	Financial Instruments	PAFS	11/05/12	13/06/12	31/05/13
TO	Treasury Outturn Report To Be Written	FSM	01/06/12	12/06/12	31/05/13
	Final Financial Statements Completed and Available for Checking	FS	15/06/12	29/06/12	07/06/13
ADV	Public Notice of Audit to Media	FSM	15/06/12	13/06/12	14/06/13
	Public Notice of Audit to KM & Website	Media / FSM	19/06/12	14/06/12	14/06/13
MS	Comprehensive Income and Expenditure Statement	SAFS/PAFS	18/05/12	12/06/12	14/06/13
MS	Movement in Reserves Statement for the years Ending 31 March 2011 and 31 March 2012	SAFS/PAFS	08/06/12	27/06/12	14/06/13
MS	Cash Flow Statement	SAFS/PAFS	08/06/12	28/06/12	14/06/13
MS	Balance Sheet	SAFS/PAFS	15/06/12	29/06/12	14/06/13
N1	Adjustments between Accounting Basis and Funding Basis under Regulations	SAFS/PAFS	08/06/12	27/06/12	14/06/13
N10	Debtors	SAFS/EISM	11/05/12	24/06/12	14/06/13
N12	Assets Held for Sale	SAFS/PAFS	18/05/12	21/06/12	14/06/13
N13	Cash and Cash Equivalents	PAFS	18/05/12	14/06/12	14/06/13
N13	Creditors	SAFS/EISM	11/05/12	24/06/12	14/06/13
N15 (T)	Usable Reserves (As per MiRS)	SAFS/PAFS	08/06/12	28/06/12	14/06/13
N16	Revaluation Reserve	SAFS/PAFS	18/05/12	22/06/12	14/06/13
N16	Unusable Reserves	SAFS/PAFS	01/06/12	27/06/12	14/06/13
N16	Capital Adjustment Account	SAFS/PAFS	01/06/12	27/06/12	14/06/13
N17	Cash Flow Statement - Operating Activities	SAFS/PAFS	08/06/12	28/06/12	14/06/13
N18	Cash Flow - Investing Activities	SAFS/PAFS	08/06/12	28/06/12	14/06/13
N19	Cash Flow - Financing Activities	SAFS/PAFS	08/06/12	28/06/12	14/06/13
N2	Transfers to/from Earmarked Reserves	SAFS/PAFS	08/06/12	25/06/12	14/06/13
	Proposed audit to be advertised in local press	FSM	22/06/12	22/06/12	21/06/13

Appendix A

Note	Description	Responsible Officer	Target Date 2011-2012	Completion Date 2011 2012	Target Date 2012-2013
SoAP (T)	Statement of Accounting Policies - Final Review	FSM	15/06/12	29/06/12	21/06/13
FSAR	Audit Report To Be Written	FSM	25/06/12	25/06/12	28/06/13
FSAR	Final Signed-Off Financial Statements and Audit Report Available for Circulation	FSM	29/06/12	29/06/12	28/06/13
TO	Treasury Outturn Report To Be Available for Sign-Off and Circulation	FSM	29/06/12	29/06/12	28/06/13
	Final Financial Checked Statements Available for Sign-Off by CFO	FS	29/06/12	29/06/12	28/06/13
FS	Final Signed-Off Financial Statements and Audit Report To Audit Committee	FSM	10/07/12	10/07/12	11/07/13
COR	COR Completed Forms Due	FMCA	13/07/12	13/07/12	12/07/13
RO	RO Completed Forms Due	FMBR	13/07/12	08/08/12	12/07/13
WGA	WGA CPID Analysis from I & E Figures	SAFS	15/06/12	31/07/12	12/07/13
WGA	WGA Return Completed and Submitted	SAFS	30/07/12	31/07/12	26/07/13

Key	Description
Bold Font	= Key Dates
(T)	= Text Only
MO	= Monitoring Officer
FMCA	= Finance Manager, C & A
FMBR	= Finance Manager, BSD/RCC
FSM	= Finance Support Manager
EISM	= Exchequer, Insurance & Systems Manager
RBM	= Revenue & Benefits Manager
PAFS	= Principal Accountant, Finance Support
PABR	= Principal Accountant, BSD/RCC
PACA	= Principal Accountant, C & A
FS	= Finance Support Team
SAFS	= Senior Accountant, Finance Support
SAHCS	= Senior Accountant, Housing & Corporate Services