

AUDIT COMMITTEE

29 MARCH 2012

PREPARATION FOR COMPILING THE STATEMENT OF ACCOUNTS 2011/2012

Report author Mick Hayward, Chief Finance Officer

Summary

This report presents to committee the detail of the work carried out to ensure that the Authority has the capacity to produce the 2011/12 financial statements 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 2011/2012 accounts is a matter for the Audit Committee.

2. Background

- 2.1 Audit Committee received a report from our external auditors on the 24 November 2011 that identified problems and on-going challenges in producing an IFRS compliant set of accounts for 2010/2011 and Audit Committee requested a report on the actions undertaken to mitigate these challenges and problems in advance of the 2011/2012 preparations.
- 2.2 A dedicated team were assigned responsibility for producing a compliant set of accounts for 2010/2011 following the departure of the Corporate Accounts manager and the inability of PKF to sign off the accounts by the end of September 2011. The Finance Support Team successfully enabled the completion of the audit, closure of accounts and production of unqualified Statement of Accounts that were presented to this committee on the 24 November 2011.

3. Preparation for the closure of 2011/2012

- 3.1 The enhanced requirements for IFRS were a major workload in producing the 2010/2011 accounts and whilst this was successfully overcome there are a number of additional requirements for 2011/2012 notably:

- The impact of adopting FRS 30 (Heritage assets);
 - Accounting for and disclosure of business rates supplements;
 - New guidance on accounting for the Community Infrastructure Levy (CIL);
 - Additional guidance on the definition of a related party; and
 - A requirement to disclose the number and cost of exit packages.
- 3.2 The team now designated with responsibility for co-ordinating the closure of accounts process is the same team that successfully completed the close down of 2010/2011 accounts. It is not anticipated that we will face the same issues of resignations or redundancies as the Central Accounting team did in 2010/11 and therefore we will have an experienced team familiar with the process of closedown and completion.
- 3.3 However in order to attempt to reduce the risk of significant loss of knowledge if key staff leave in the future, weekly knowledge sharing meetings have been implemented, these meetings include key finance staff across the Financial Management Division as appropriate. This has greatly increased the accessibility of professional guidelines to all Finance staff.
- 3.4 An automated testing process is being developed to reduce the risk that the statement of accounts, disclosures and supporting statements are incomplete or inaccurate.
- 3.5 Time has also been built into the close down timetable to provide for the verification of the statement of accounts prior to submission to audit. In order to achieve this a new timetable has been established focusing on the work of the Finance teams in completing the Statement of Accounts and Notes to the Accounts. The timetable is shown as appendix A to this report
- 3.6 As an integral part of the process it is essential that the Finance Support team becomes aware of any delays or hurdles that occur during this process. With this in mind the close down process will be project managed through to completion, incorporating weekly meetings with key finance staff and/or staff pivotal to the completion of the accounts where, issues, problems and barriers can be discussed and resolved. A weekly summary will be forwarded to the Chief Finance Officer, in order that he is fully aware of progress and any arising issues.
- 3.7 One of the more significant issue in the closure of the 2010/2011 accounts was the ability to rely on the records from the asset register for the purposes of Balance sheet valuation. Since the successful completion of the accounts for 2010/2011 we have undertaken a review of the Fixed Asset Register, in order to establish whether to continue to use the spreadsheet solution effected in 2010/2011, re-launch Logotech or attempt to source a new supplier.
- 3.8 The review has been completed and our fixed asset register Logotech is being updated to be re-launched effectively from 31 March 2011 but the register will be built using the audited spreadsheet from 2010/2011 as the foundation. Logotech will be building the new register and providing training to finance staff on the operation of the register. PKF have been invited to this training session as well.

- 3.9 During the 2010/2011 audit there were occasions when it became apparent that requests from PKF for supporting working papers or documents to other sections suffered unacceptable delays. We have now established a "Final Accounts" inbox within outlook. PKF have been requested to "cc" this inbox for all requests for information, document and working papers etc. This will enable Finance Support to maintain a register of requests, showing when requested, when responded to and enabling a chase for late responses.
- 3.10 There has also been an ongoing dialogue with the external auditors since the close down of 2010/2011 to reduce the risk that significant items of concern are not overlooked.

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; and
 - Late changes to the accounts due to the large number of inter-linking statements and disclosures within the accounts.

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

6. Recommendation

- 6.1 The Committee is asked to note the report.

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Background papers

Various papers held within Finance Department

Finance Support Timetable for 2011/12 Final Accounts



Today's Date: 21/03/12

Note	Description	Responsible Officer/Team	Target Date	Completion Date
RA	RA Forms Available For Completion	FMCA/FMBR	22/03/12	
N29 (T)	Central Government	FSM	29/03/12	
N6	Calculate depreciation for PPE	SASF	29/03/12	
N26	External Audit Costs	SASF	29/03/12	
SoR (T)	Statement of Responsibilities Complete	SASF	29/03/12	
N6 (T)	Depreciation	SASF/PASF	29/03/12	
N6 (T)	Revaluations	SASF/PASF	29/03/12	
N6 (T)	Inspections	SASF/PASF	29/03/12	
N6 (T)	Information from other parts of the Council	SASF/PASF	29/03/12	
N6 (T)	Title	SASF/PASF	29/03/12	
N6 (T)	Planning proposals	SASF/PASF	29/03/12	
N6 (T)	Construction and state of repair	SASF/PASF	29/03/12	
N6 (T)	Deleterious or hazardous substances	SASF/PASF	29/03/12	
N6 (T)	Environmental Assessment	SASF/PASF	29/03/12	
N6 (T)	Plant and machinery	SASF/PASF	29/03/12	
N6 (T)	Vat, taxation and costs of realisation	SASF/PASF	29/03/12	
N6	Lotting (if applicable)	SASF/PASF	29/03/12	
N6 (T)	Valuation Commentary	SASF/PASF	29/03/12	
N6	Removal of Schools Transferring to Academies	SASF/PASF	05/04/12	
N31	Lease Questionnaires Data Compiled from Returns	PASF	12/04/12	
HRA Nt 3	Dwelling Stock	SAHCS	13/04/12	
HRA Nt 9	Tenants' Arrears	SAHCS	13/04/12	
HRA Nt 10	Gross Rent Debit	SAHCS	13/04/12	
N38	Liquidity risk	PASF	20/04/12	
N38	Market risk	PASF	20/04/12	
N38 (T)	Interest rate risk	PASF	20/04/12	
N38	Price Risk	PASF	20/04/12	
N38 (T)	Foreign Exchange Risk	PASF	20/04/12	
Last Day of Input of JV01's for 2011/12			20/04/12	
First Day of Input for JV05's/JV12's for 2011/12			23/04/12	
FSG (T)	Financial Statements Glossary Complete	FSM	24/04/12	
	RA Completed Forms Due (tbc)	FMCA/FMBR	26/04/12	
N25	Officers' Remuneration	FMCA	27/04/12	
SoAP (T)	Statement of Accounting Policies Complete	FSM	27/04/12	
N29 (T)	Other Public Bodies	FSM	27/04/12	
SFSCF	Notes to the Collection Fund Account	FSM	27/04/12	
SFSCF1	Council Tax	FSM	27/04/12	
SFSCF2	Income from Business Rates	FSM	27/04/12	
SFSCF3 (T)	Contribution to Non-Domestic Rate Pool	FSM	27/04/12	
N18	Collection Fund Adjustment Account	FSM	27/04/12	
SFSCF	The Collection Fund Statement	FSM	27/04/12	
SFSCF4	Impairment of Debts/Appeals	FSM	27/04/12	
SFSCF5	Surplus/Deficit	FSM	27/04/12	
N18	Financial Instruments Adjustment Account	PASF	27/04/12	
N29 (T)	Related Parties	PASF/FSM	27/04/12	
N29	Members	PASF/FSM	27/04/12	
N29	Officers	PASF/FSM	27/04/12	
N31	Leases	PASF/FSM	27/04/12	
N31	Council as Lessee	PASF/FSM	27/04/12	
N31	Council as Lessor	PASF/FSM	27/04/12	
N31/N4/N6	Calculate Embedded Lease Finance Charges/Depreciation	SASF	27/04/12	
WGA	WGA Return Available For Completion	SASF	27/04/12	
RO	RO Forms Available For Completion	FMCA	04/05/12	
N18	Accumulated Absences Account	PACA/PABR	04/05/12	
HRA Nt 7	Summary of HRA Capital Receipts	SAHCS	04/05/12	
Last Day for Input of JV12 Accruals and JV05 Prior Yr Journals			04/05/12	
	COR Forms Available For Completion	FMBR/PABR	08/05/12	
N8	Investment Properties	FMBR/PABR	11/05/12	
N36 (T)	Contingent Liabilities	FSM	11/05/12	
N37 (T)	Contingent Assets	FSM	11/05/12	
N9	Financial Instruments	PASF	11/05/12	
N9	Employee Car Loans	PASF	11/05/12	
N9 (T)	Valuation Assumptions	PASF	11/05/12	

Finance Support Timetable for 2011/12 Final Accounts



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Note	Description	Responsible Officer/Team	Target Date	Completion Date
N9	Reclassifications	PASF	11/05/12	
N9	Fair Value of Assets and Liabilities	PASF	11/05/12	
N38	Credit risk	PASF/EISM/RBM	11/05/12	
N38 (T)	Nature and Extent of Risks Arising from Financial Instruments	PASF/EISM/RBM	11/05/12	
N12	Debtors	SASF/EISM	11/05/12	
N15	Creditors	SASF/EISM	11/05/12	
N6	Capital Commitments	SASF/PASF	11/05/12	
N32	Impairment Losses	SASF/PASF	11/05/12	
Capital & Revenue Closed			11/05/12	
N16	Provisions	EISM/SASF/PASF	18/05/12	
N22	Amounts Reported for Resource Allocation Decisions	FMBR/PABR	18/05/12	
N22	Reconciliation of Directorate Income and Expenditure to Cost of Services in the Comprehensive Income and Expenditure Statement	FMBR/PABR	18/05/12	
N22	Reconciliation to Subjective Analysis	FMBR/PABR	18/05/12	
N3	Other Operating Expenditure	FMBR/SASF/PASF	18/05/12	
N11	Construction Contracts	FMCA/FMBR	18/05/12	
EF	Explanatory Foreward Complete	FMCA/FMBR	18/05/12	
N28	Grant Income	PABR/FMBR	18/05/12	
N27	Dedicated Schools Grant	PACA	18/05/12	
N13	Cash and Cash Equivalents	PASF	18/05/12	
N10	Inventories	SASF	18/05/12	
N30	Capital Expenditure and Capital Financing	SASF	18/05/12	
N5	Taxation and Non-Specific Grant income	SASF/PASF	18/05/12	
N6	Property, Plant and Equipment	SASF/PASF	18/05/12	
N14	Assets Held for Sale	SASF/PASF	18/05/12	
N7	Heritage Assets	SASF/PASF	18/05/12	
N7	Ceramics, Porcelain Work and Figurines	SASF/PASF	18/05/12	
N7	Art Collection	SASF/PASF	18/05/12	
N7	Machinery, Equipment and other Artefacts from the Pottery Industry	SASF/PASF	18/05/12	
N7	Additions comprise:	SASF/PASF	18/05/12	
N7	Disposals in 20X1/X2 include:	SASF/PASF	18/05/12	
N39	Heritage Assets: Five-Year Summary of Transactions	SASF/PASF	18/05/12	
N40	Heritage Assets: Further Information on the Museum's Collections	SASF/PASF	18/05/12	
N40 (T)	Ceramics, Porcelains and Figurines	SASF/PASF	18/05/12	
N40 (T)	Art Collection	SASF/PASF	18/05/12	
N40 (T)	Machinery, Equipment and Other Artefacts relating to the Pottery Industry	SASF/PASF	18/05/12	
N40 (T)	Archaeology Collection	SASF/PASF	18/05/12	
N40	Heritage Assets of Particular Importance	SASF/PASF	18/05/12	
N40	Preservation and Management	SASF/PASF	18/05/12	
N41 (T)	Heritage Assets: Change in Accounting Policy Required by the Code of Practice for Local Authority Accounting in the United Kingdom	SASF/PASF	18/05/12	
N41	Heritage Assets	SASF/PASF	18/05/12	
N41	Effect on Balance Sheet 1 April 2010	SASF/PASF	18/05/12	
N41	Comprehensive Income and Expenditure Statement	SASF/PASF	18/05/12	
N41	Movement in Reserves Statement - Unusable Reserves 2010/11	SASF/PASF	18/05/12	
N18	Revaluation Reserve	SASF/PASF	18/05/12	
HRA Nt 8	Housing Subsidy	SAHCS	18/05/12	
HRA I&E	HRA Income and Expenditure Statement	SAHCS	18/05/12	
HRA MiRS	Movement on the Housing Revenue Account Statement	SAHCS	18/05/12	
HRA Nt 1	Adjustments between accounting basis and funding basis under statute	SAHCS	18/05/12	
HRA Nt 2	Transfers to or from (earmarked) reserves	SAHCS	18/05/12	
HRA Nt 5	Major Repair Reserve	SAHCS	18/05/12	

Finance Support Timetable for 2011/12 Final Accounts



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Note	Description	Responsible Officer/Team	Target Date	Completion Date
HRA Nt 6	Analysis of HRA Capital Expenditure and Funding	SAHCS	18/05/12	
HRA Nt 4	HRA Fixed Assets	SAHCS/SASF	18/05/12	
	Notes to the Housing Revenue Account		18/05/12	
	Completion of all revenue and appropriations to I&E		18/05/12	
N24	Members' Allowances	FMBR/PABR	25/05/12	
N18	Pensions Reserve	FMCA	25/05/12	
N23	Pooled Budgets	FMCA	25/05/12	
N33	Termination Benefits	FMCA	25/05/12	
N34	Pension Schemes Accounted for as Defined Contribution Schemes	FMCA	25/05/12	
N35 (T)	Defined Benefit Pension Schemes	FMCA	25/05/12	
N35	Transactions Relating to Post Employment Benefits	FMCA	25/05/12	
N35	Assets and Liabilities in Relation to Post-employment Benefits	FMCA	25/05/12	
N35	Scheme History	FMCA	25/05/12	
N35	Basis for Estimating Assets and Liabilities	FMCA	25/05/12	
N35	History of Experience Gains and Losses	FMCA	25/05/12	
N4	Financing and Investment Income and Expenditure	PASF	25/05/12	
MS	Comprehensive Income and Expenditure Statement	SASF/PASF	25/05/12	
TO	Treasury Outturn Report To Be Written	FSM	01/06/12	
AGS (T)	Annual Governance Statement Complete	MO	01/06/12	
N18	Unusable Reserves	SASF/PASF	01/06/12	
N18	Capital Adjustment Account	SASF/PASF	01/06/12	
	Adjustments between Accounting Basis and Funding Basis under			
N1	Regulations	SASF/PASF	08/06/12	
N2	Transfers to/from Earmarked Reserves	SASF/PASF	08/06/12	
	Movement in Reserves Statement for the years Ending 31 March 2011 and 31 March 2012			
MS	Cash Flow Statement	SASF/PASF	08/06/12	
N17 (T)	Usable Reserves (As per MiRS)	SASF/PASF	08/06/12	
N19	Cash Flow Statement - Operating Activities	SASF/PASF	08/06/12	
N20	Cash Flow - Investing Activities	SASF/PASF	08/06/12	
N21	Cash Flow - Financing Activities	SASF/PASF	08/06/12	
FS	Final Financial Statements Completed and Available for Checking	FS	15/06/12	
WGA	WGA CPID Analysis from I & E Figures	SASF	15/06/12	
MS	Balance Sheet	SASF/PASF	15/06/12	
FSAR	Audit Report To Be Written	FSM	25/06/12	
FS	Final Financial Checked Statements Available for Sign-Off by CFO	FS	29/06/12	
TO	Treasury Outturn Report To Be Available for Sign-Off and Circulation	FSM	29/06/12	
	Final Signed-Off Financial Statements and Audit Report Available for			
FSAR	Circulation	FSM	29/06/12	
	Final Signed-Off Financial Statements and Audit Report To Audit			
FS	Committee	FSM	10/07/12	
COR	COR Completed Forms Due	FMBR/PABR	13/07/12	
RO	RO Completed Forms Due	FMCA	13/07/12	
WGA	WGA Return Completed and Submitted	SASF	27/07/12	

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