

AUDIT AND RISK COMMITTEE

16 April 2013

UPDATE ON THE PRODUCTION OF THE STATEMENT OF ACCOUNTS 2012/13

Report of the Strategic Director for Resources

STRATEGIC AIM:	All
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1. PURPOSE OF THE REPORT

- 1.1 To inform the Committee of the key dates related to the production of the Statement of Accounts for 2012/13.

2. RECOMMENDATIONS

- 2.1 That the Committee notes the contents of this report.

3. REASONS FOR THE RECOMMENDATIONS

- 3.1 To ensure that the Committee is aware of plans in place to ensure effective and timely closure of accounts and to remind the Committee of their role in the process.

4. APPROVAL OF THE ACCOUNTS

- 4.1 The Statement of Accounts (SoA) must be approved by 30 June 2013, for submission to the external auditor. Up until 2009/10 it was the responsibility of this Committee to approve the draft accounts, but this requirement was made redundant by the Accounts and Audit (England) Regulations 2011 (Part 3, Section 8(2)) which made it the responsibility of the Chief Financial Officer (i.e. the Strategic Director of Resources for this council) to certify the SoA by 30 June each year.
- 4.2 It is the responsibility of the Audit and Risk Committee to consider the SoA, after examination by the external auditor, and to approve it no later than 30 September 2013.
- 4.3 Following the abolition of the Audit Commission in 2012, KPMG have been appointed as our external auditors and will be, for the first time, undertaking the audit of our accounts, the process will not differ greatly from previous years in fact, as the staff transferred, the Council has retained the same external auditors as it has had previously and so the good relationship already established will continue.

5. THE CLOSURE PROCESS AND KEY DATES

- 5.1** Senior members of the Finance Team have attended either a CIPFA (Chartered Institute of Public Finance and Accountancy) or a KPMG final accounts workshop to learn about any changes required in preparing the SoA. Alongside this any changes to the CIPFA Code of Practice and guidance given in the CIPFA Local Authority Accounting Panel (LAAP) Bulletin on Closure of Accounts for 2012/13 have been reviewed and the required changes noted. There are no significant changes from last year. Any minor changes will be incorporated into the closedown process if appropriate.
- 5.2** The LAAP Bulletin also provides a brief summary of key reforms for 2013/14 i.e. Non-Domestic Rates Reform and Public Health Reform and other accounting issues for 2013/14. These have been noted and will be incorporated into our accounting practices when further details are received.
- 5.3** One noteworthy change is that the audit will be carried out on a much reduced timescale that will not allow for several visits by the auditors. Any additional visits required to complete the audit will probably incur an additional fee to that agreed for the final accounts audit. Therefore it is vital that the working papers presented to the auditors are complete and correct. KPMG have provided an Accounts Audit Protocol 2012/13 which details all the expectations of what working papers the Council will provide. To ensure that the Council meets this requirement extra steps and time have been incorporated into the timetable to thoroughly review working papers. This consists of two weeks having been built into the timetable for a complete review of the working papers by the Finance Team, before they are passed to the Strategic Director of Resources for review, who will then also have 7 working days to review the accounts before dating and signing them.
- 5.4** A detailed timetable has been produced which includes all elements of the closure process as well as reporting deadlines. A weekly progress meeting is to be held to identify any problems and/or delays, and these are escalated if necessary.
- 5.5** The key dates for Members to be aware of are as follows:
- 4 June 2013: Quarter 4 Financial Monitoring report presented to Cabinet
 - 18 June 2013: Audit and Risk Committee meeting – an update on the SoA process will be provided
 - 30 June 2013: certification of the draft SoA by the Chief Finance Officer for submission to the external auditor
 - Mid July 2013 (date to be confirmed): External Audit process commences
 - 16 July 2013: Financial Outturn position reported to Cabinet – this will be an expansion of the Quarter 4 report to include all year-end adjustments and demonstrate how the Outturn position reconciles to the Income and Expenditure Account within the SoA.
 - 24 September 2013: Final, audited SoA presented to Audit and Risk Committee for approval, along with the Audit Commission's Annual Governance Report.
 - 30 September: Audit opinion issued and SoA published
- 5.3** In addition to the formal presentation of the SoA to the Audit and Risk Committee, it is intended that a briefing session will be held in advance of the formal meeting. This was provided last year and the feedback was positive in terms of providing members with a good enough understanding of the SoA to undertake their role effectively.

6. RISK MANAGEMENT

RISK	IMPACT	COMMENTS
Time	Medium	The closedown timetable is always challenging but it is being well managed in order to meet the key deadlines.
Viability	Low	There are no direct implications within this report
Finance	High	The Statement of Accounts summarise the financial performance and position of the Authority at 31 March 2013.
Profile	Medium	Although the financial position of the Authority is high profile at the current time, there is less public interest in the Statement of Accounts.
Equality and Diversity	Low	Equality Impact Assessment completed, there are no particular issues from this report.

Background Papers

Forward Plan

Closure of Accounts Timetable 2011/12

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A Large Print or Braille Version of this Report is available upon request – Contact 01572 722577.