

# AUDIT AND RISK COMMITTEE

8 April 2014

## UPDATE ON PROGRESS OF THE CLOSURE OF ACCOUNTS 2013/14

Report of the Director of Resources

STRATEGIC AIM:	All
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### 1. PURPOSE OF THE REPORT

- 1.1 To update the Committee on the progress being made in the closure of accounts for 2013/14 and in updating the Statement of Accounts for 2013/14.

### 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 the progress being made that will ensure the effective and timely closure of accounts.

### 4. APPROVAL OF THE ACCOUNTS

- 4.1 The Statement of Accounts (SoA) must be certified by the Chief Financial Officer (i.e. the Assistant Director - Finance) by 30 June each year, for submission to the external auditor.
- 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 each year. This will take place at the Audit and Risk Committee meeting on 9 September 2014 (subject to Full Council approval of the programme of meetings).

### 5. UPDATE ON THE PROGRES BEING MADE IN THE CLOSURE PROCESS

- 5.1 The Technical Accountant who oversees the closures of accounts process has recently left the Authority, which may have presented a risk to successful closedown. However, the risk has been mitigated by making arrangements to bring in an experienced Accountant (who was involved in the closedown process in 12-13) to work on an interim basis to undertake the closure of accounts. Other senior members of the Finance Team have attended update training so that they are aware of any changes required in preparing the SoA.
- 5.2 The Finance team has met with a member of the KPMG Audit Team to discuss the closedown process and respective roles. The key dates for KPMG are:
- they will be carrying out their main audit of the SoA for a 4 week period starting on 30 June 2014;

- they will be available to answer questions from the electors (the date is yet to be confirmed); and
- they will present their audit findings to this Committee on 9 September 2014.

**5.3** As part of the closedown process a review of the Accounting Policies has been undertaken and the only significant change that has been made is to the accounting policy for post-employment benefits.

**5.4** The change to the accounting policy for post-employment benefits is required because there are new classes of components of defined benefit cost to be included in the financial statements. The accounting policy explains what the new categories are. The policy has been changed to reflect the new accounting requirements and follows the policy recommended in the CIPFA Code of Practice on Local Authority Accounting.

**5.5** There are other minor changes e.g. rewording, deletions and additions, none of which have any impact on the accounting policies.

**5.6** The key dates for Members to be aware of are as follows (assuming Full Council approval of the programme of meetings):

- 10 June 2014: Q4 Outturn position reported to Cabinet;
- 10 June 2014: Annual Governance Statement will be presented to this Committee for its consideration.
- 30 June 2014: certification of the draft SoA by the Chief Finance Officer for submission to the external auditor;
- 30 June 2014: External Audit of the accounts commences;
- 9 September 2014: Final, audited SoA presented to Audit and Risk Committee for approval, along with the Audit Commission's Annual Governance Report; and
- 30 September 2014: Audit opinion issued and SoA published.

**5.7** In addition to the formal presentation of the SoA to the Audit and Risk Committee, it is intended that a briefing session, explaining the statements within the SoA, will be held in advance of the formal meeting. A date is yet to be agreed for this event.

## **6. RISK MANAGEMENT**

<b>RISK</b>	<b>IMPACT</b>	<b>COMMENTS</b>
Time	Medium	The closedown timetable is always challenging but with preparatory work being done beforehand and close management of the whole process the key deadlines will be met.
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 2013/14

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