

AUDIT COMMITTEE

Subject Heading:	Closure of Accounts Timetable 2017/18
SLT Lead:	Debbie Middleton
Report Author and contact details:	Contact: Gareth Robinson Designation: Chief Accountant Telephone: 020 3373 8349 E-mail address: gareth.robinson@oneSource.co.uk
Policy context:	This report advises the Audit Committee of the progress to date in preparing for the Closure of Accounts 2017/18.
Financial summary:	There are no direct financial implications to the report.

The subject matter of this report deals with the following Council Objectives

Communities making Havering	[x]
Places making Havering	[x]
Opportunities making Havering	[x]
Connections making Havering	[x]

SUMMARY

This report advises the Audit Committee of the progress to date in preparing for the closure of the 2017/18 Accounts.

RECOMMENDATIONS

The Committee is asked to note the report and the key dates

REPORT DETAIL

1. Background

The Council successfully closed its accounts and prepared its Financial Statements for 2016/17 by the statutory deadline of 30th June 2017.

The priority for the closure programme is to ensure that all key activities have been captured in the timetable, and that roles and responsibilities have been identified and understood.

2. Preparing for Earlier Closedown

- 2.1 The statutory deadline for having the draft accounts available for audit is being brought forward. Furthermore, the amount of time available to auditors to complete their assurance work is also being reduced by a third. These changes are summarised in the table below.

	FY 2016/17	FY 2017/18
Draft Accounts prepared by	30 th June 2017	31 st May 2018
Accounts Audited by	30 th September 2017	31 st July 2018

To be able to meet the statutory deadlines, it's imperative that the key dates within the closedown timetable are met. Any delay from one activity has a cascading impact which could jeopardise Havering closing its accounts within the required timeframe. This will mean Committee papers will be out earlier as well in line with this timescales. There will be a training session for

members of the Audit Committee between the end of the May and the July Committee, to familiarise members with the Statement of Accounts.

At the last Audit Committee, members were presented with a paper outlining a series of activities to be undertaken in order to meet the new deadline. This paper provides an update on the key areas.

2.2 Closedown Timetable

Following a workshop of key officers, the 2017/18 closedown timetable was issued which incorporates the feedback from that session, and in line with project management methodology clearly sets out the critical path and named owners for each activity. This is being monitored regularly by Financial Control and no major slippages have been flagged to date.

2.3 Period 9 Closedown

As part of the quicker closedown preparation process, Havering introduced a period 9 close. This provided an opportunity for a trial run on an accelerated timetable. It further required that the financial activity for the first 9 months were reviewed and adjusted as necessary, rather than a review of the full year during the critical months of March and April.

Whilst there was some slippage in the time taken to make final adjustments, the core statements including the balance sheet, Comprehensive Income and Expenditure Accounts and Movement in reserve Statement were produced within one week of the last journal being processed. An analytical review subsequently has identified a number of areas that need early additional attention to meet the compressed timescales. Year-End. This review process has helped us refine our existing preparation for Year-End.

One issue that is requiring significant amount of work is in regards to the reconciliation of the balance sheet debtors and creditors. This work is still being undertaken to ensure it meets the requisite standard. Further guidance and templates are being developed to support services and finance staff in order to be able to provide the required information and working papers for the auditors in June.

3. Other Issues

3.1 Collection Fund / Housing Benefits

The Collection Fund and Housing Benefits are significant elements of the statement of accounts and impacts on all of the prime statements. In 2016/17 there were delays in receiving the data that due to the lateness caused an error in the accounts picked up as part of the Auditor's report. For 2017/18 financial control are working with the service in order to meet the earlier deadlines and to assess revised process in order to obtain the required information.

3.2 Auditors

Officers are working with Ernst and Young to explore harmonisation of audit processes across Havering and Newham where possible, given both Councils now operate the same instance of 1Oracle, and share support staff for common transactional services.

3.3 Group Accounts

Currently Havering produces Group Accounts to include Mercury Land holdings within its accounts. For 2017/18, the Beam Park/Rainham development, Bridge Close and the 12 estates JV in the HRA are scheduled to be approved before Year-End. However, it is unlikely that we will need Group Accounts in 2017/18 as all material transactions are currently anticipated to take place post-Year-End.

4. Progress to Date

4.1 The closedown planning process began in earnest in November 2017. The process is being monitored routinely by Financial Control & Corporate Business Systems staff, and regular reports will be made to both the Strategic Leadership Team and Audit Committee.

4.2 The finalised timetable for the year end closure of accounts has been made available to all staff and its implementation is being monitored, with current tasks on schedule. Regular meetings have been scheduled until May 2018.

The key deadlines include the following:

<u>Deadline</u>	<u>Task</u>
Fri 06/04/2018	Final deadline for service capital journals
Wed 11/04/2018	oneSource Outturn sign off – Jane West
Thu 12/04/2018	Final deadline for Services journals
Mon 16/04/2018	Open CP for Outturn
Fri 20/04/2018	Provisional outturn to Director of Finance for review
Tue 08/05/2018	SLT Business Meeting - Capital Outturn Report, Final confirmatory Outturn Report
Mon 28/05/2018	Draft Statement of Accounts signed by Section 151 Officer

4.3 Ernst and Young are scheduled to carry out walk through tests on various processes during their interim audit in February 2018, and will undertake transaction testing for periods 1-9. A verbal update will be provided to the Committee on any issues arising from the interim audit.

IMPLICATIONS AND RISKS

Financial implications and risks:

There are no direct financial implications arising from the publication or approval of accounting policies. There are no material changes to policy impacting upon the Councils financial position.

Legal implications and risks:

There are no apparent legal implications in noting the content of the Report

Human Resources implications and risks:

There are no HR implications or risks arising directly from this report.

Equalities implications and risks:

There are no Equalities implications arising from this report.