



AUDIT COMMITTEE

29 February 2012

Subject Heading:	Closure of Accounts Timetable 2011/12
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Policy context:	This report advises the Audit Committee of the progress to date in preparing for the Closure of Accounts 2011/12
Financial summary:	There are no direct financial implications to the report. However, the increased disclosure requirements relating to Infrastructure assets may require additional costs to be incurred in relation to the valuation and review of those assets.

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

Clean, safe and green borough	<input type="checkbox"/>
Excellence in education and learning	<input type="checkbox"/>
Opportunities for all through economic, social and cultural activity	<input type="checkbox"/>
Value and enhance the life of every individual	<input type="checkbox"/>
High customer satisfaction and a stable council tax	<input checked="" type="checkbox"/>

SUMMARY

This report advises the Audit Committee of the progress to date in preparing for the closure of Accounts 2011/12 since the initial report of 21 December 2011.

RECOMMENDATIONS

The Committee is asked to note the report and the actions taken to date to prepare for the 2011/12 closure of accounts.

REPORT DETAIL

1. Background

An initial report on the progress in preparing for the 2011/12 close-down was made to Audit Committee. Progress to date is discussed below.

2. Progress to Date

- 2.1 The Closure timetable has now been issued and is being monitored by Corporate Finance staff.
- 2.2 The following matters have been addressed since the initial report.
 - a) The procedure manual has been issued to all finance staff.
 - b) ISS staff are investigating the potential to produce the accrued leave report from Oracle (which would avoid the sampling approach adopted last year).
 - c) Corporate Finance staff have met with valuers to review the policy in connection with the componentisation of assets. Further work is being undertaken before the related accounting policies are updated
 - d) Progress is being made in connection with the collection of asset valuation data for the recognition of heritage assets and transport infrastructure assets. The heritage asset valuations are required for disclosure in 2011/12.
 - e) The draft format of accounts has now been created for 2011/12 based upon the latest guidance.
 - f) Systems reconciliations are being monitored by ISS staff on a monthly basis. These will be reviewed during regular ISS/Corporate joint meetings in the lead up to closure.
 - g) The external auditors, PwC will commence the interim audit on 26th March.

Financial Implications and risks:

The technical accounting changes arising from the revisions to The Code of Practice do not give rise to any direct financial implications. However, the more complex accounting and valuation requirements associated with infrastructure assets will generate additional work and may give rise to increased cost pressures. In particular, it will be necessary to introduce a regular valuation programme for all infrastructure assets in order to value them on a Depreciated Replacement Cost (DRC) basis instead of Depreciated Historic Cost (DHC).

The following risks have been identified in 2012 and are being monitored corporately.

- a) *Restructure of ISS & Closedown arrangements on new system*
Regular liaison meetings have now been established between ISS and Corporate Finance staff in order to monitor progress against the timetable. It is planned to continue to monitor all systems reconciliations on a regular basis in the lead up to closedown. The actual system closedown arrangements for year end remain of crucial importance.
- b) *Schools Systems Interface*
Schools Financial transactions are recorded in a separate Schools Financial System. At the time of preparing this report it has not been possible to upload the data. The interface has been re-written and is currently being tested. However, if this matter cannot be resolved it will be necessary to adopt a fallback position to upload data manually in order to ensure that deadlines are met.

Legal Implications and risks:

Section 21 of the Local Government Act 2003 requires that accounting practices including the Statement of Accounts be undertaken in accordance with proper practices set out in relevant regulations. The Local Authority must also have regard to the code of Practice on Local Authority Accounting for 2011/12 (based upon International Financial Reporting Standards) which sets out the proper practices applicable with effect from 1st April 2011.

Human Resources Implications and risks:

None arising directly

Equalities and Social Inclusion Implications and risks:

None arising directly

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CHERYL COPPELL
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Background Papers List