

AUDIT COMMITTEE

Subject Heading:	Closure of Accounts Timetable 2018/19
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Policy context:	This report advises the Audit Committee of the progress to date in preparing for the Closure of Accounts 2018/19.
Financial summary:	There are no direct financial implications to the report which is for information only.

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

Communities making Havering	<input type="checkbox"/>
Places making Havering	<input type="checkbox"/>
Opportunities making Havering	<input checked="" type="checkbox"/>
Connections making Havering	<input type="checkbox"/>

SUMMARY

This report advises the Audit Committee of the progress to date in preparing for the closure of the 2018/19 Accounts

RECOMMENDATIONS

The Committee is asked to note the risk areas and the key dates.

REPORT DETAIL

1. Background

The Council successfully closed its accounts and prepared its Financial Statements for 2017/18 by the statutory deadline of 31st May 2018.

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 Closedown

2.1 The statutory deadline for having the 2018/19 draft accounts available for audit is 31st May 2019 and the statutory deadline to have the accounts audited is 31st July 2019.

2.2 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 these 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. It is also key for Senior Leadership Team members to be aware of the key deadlines and support to ensure that the outturn report is produced on time but also the deadline for the accounts.

3. Closedown Timetable

Following consultation with key officers, the 2018/19 closedown timetable was issued which incorporates the feedback from the consultation, 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.

4. Period 9 Closedown

As part of the quicker closedown preparation process, Havering introduced a period 9 close last year. This provided an opportunity for a trial run on an accelerated timetable. For 2018/19, the Financial Control team are focusing on some of the risk areas identified last year but also to improve streamlining the preparation of accounts where possible. Also during this period, the Financial Control team is working with the external auditors in order to provide the required information for the interim audit. This includes providing the core statements including Comprehensive Income and Expenditure Accounts and Movement in Reserves Statement as well as a number of notes in the accounts. This is to enable expenditure up to period 9 (December) to be tested earlier to reduce the amount of work during the months of June and July.

Risk areas

- 5.1 The closedown planning process began in earnest in November 2018 and we have identified a number of risk areas that could cause delays or problems with the audit. These have been reviewed and a plan to mitigate the risks included.

One of the more complex areas is the formation of group accounts. As Havering has a 100% subsidiary, a line by line consolidation is needed to incorporate the entity into Havering's accounts. In order for this to be completed, the draft set of Mercury Land Holdings' accounts would need to be provided by the end of April. In addition an audited version would need to be prepared and signed off in May in order to avoid any amendments to Havering's accounts. In the event of any changes to the accounts in June or July, there is a risk that these changes could prompt an ISA260 comment as part of the Annual Audit Report.

- 5.2 One previous issue from the 2016/17 audit was the reconciliation of debtors and creditors on the balance sheet. Although this was not an issue last year, a large amount of work has taken place in order to ensure the control weaknesses from 2016/17 are not repeated. During the year, finance and service staff have been asked to provide reconciliation on a quarterly basis to check this is taking place sufficiently. Currently the Financial Control team is working with specific services to ensure that reconciliations are sufficient and are provided in a timely manner.

- 5.3 The key deadlines include the following:

Deadline	Task
Wednesday 27 th March 2019	Final date for invoices to be raised and paid for to be automatically included in 2018/19 accounts
Friday 29 th March 2019	Final deadline for service capital journals
Friday 5 th April 2019	Final deadline for Services' journals to be provided to business partnering for review
Tuesday 16 th April 2019	Open CP (Collaborative Planning) online forecasting for Outturn (Subject to change)
Tuesday 16 th April 2019	Final Corporate adjustments
Thursday 18 th April 2019	All Balance Sheet reconciliations provided to Financial Control
Friday 26 th April 2019	Receipt of Accounts from Mercury Land Holdings
Tuesday 7 th May 2019	Senior Leadership Team Business Meeting - Capital Outturn Report, Final confirmatory Outturn Report
Friday 31 st May 2019	Draft Statement of Accounts signed by Section 151 Officer

IMPLICATIONS AND RISKS

Financial implications and risks:

There are no direct financial implications to the report which is for information only.

Whilst there are no financial implications associated with a failure to produce the statement of accounts to statutory deadlines it is likely to cause reputational issues. In addition, should the accounts not be available for audit at the required time, and/or not be supported by accurate working papers this may result in the audit taking longer leading to increased audit fees.

Legal implications and risks:

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

Human Resources implications and risks: There are none.

Equalities implications and risks:

The Public Sector Equality Duty (PSED) under section 149 of the Equality Act 2010 requires the Council, when exercising its functions, to have due regard to:

- (i) the need to eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Equality Act 2010;
- (ii) the need to advance equality of opportunity between persons who share protected characteristics and those who do not, and;
- (iii) foster good relations between those who have protected characteristics and those who do not.

Note: 'Protected characteristics' are: age, sex, race, disability, sexual orientation, marriage and civil partnerships, religion or belief, pregnancy and maternity and gender reassignment.

The Council is committed to all of the above in the provision, procurement and commissioning of its services, and the employment of its workforce. In addition, the Council is also committed to improving the quality of life and wellbeing for all Havering residents in respect of socio-economics and health determinants.

There are no Equality implications regarding this matter.