

AUDIT COMMITTEE

Subject Heading:

Closure of Accounts Timetable 2019/20

SLT Lead:

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Policy context:

This report advises the Audit Committee on the progress to date in preparing for the Closure of Accounts 2019/20

Financial summary:

There are no direct financial implications to the report, *however an efficient closedown allows the Council to plan its future financial strategy with more certainty*

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

Communities making Havering
Places making Havering
Opportunities making Havering
Connections making Havering

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SUMMARY

This report advises the Audit Committee of the progress to date in preparing for the closure of the 2019/20 Accounts

RECOMMENDATIONS

The Committee is asked to note the content of the report in particular the risk areas and the key dates in connection with the closure of the 2019/20 accounts.

REPORT DETAIL

1. Background

The Council successfully closed its accounts and prepared its Financial Statements for 2018/19 by the statutory deadline of 31st May 2019. However the external audit of the accounts was not completed until November 2019 – it was due to be completed by 31st July 2019

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 2019/20 draft accounts available for audit is 31st May 2020 and the statutory deadline to have the accounts audited is 31st July 2020.

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 this timescales. If requested, 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 SLT 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 2019/20 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 2019/20, 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, Financial Control team is working with the external auditors in order to provide the

required information for the interim audit due to commence in January 2020. This includes providing details of transactions up to period 9 (December) and interim notes, such as those for exit packages and related party disclosures. The final audit is due to commence in May, however not all statements in the Accounts will be ready by then. Officers will be working closely with the auditors to ensure the audit opinion for 2019/20 is provided quickly – progress of the audit will be closely monitored to ensure it is progressing and potential delays are addressed .

5. Risk areas

- 5.1 The closedown planning process began in earnest in November 2019 which 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 in late 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 A risk to the closedown is if the reconciliation of debtors and creditors on the balance sheet is not kept up to date during the year. During 2019/20, finance and service staff has been asked to provide reconciliation on a quarterly basis to check this are taking place sufficiently. Currently the Financial Control team is working with specific services to ensure that reconciliation are sufficient and are provided in a timely manner.

- 5.3 The key deadlines include the following:

Deadline	Task
Wednesday 25 th March 2020	Final date for goods and services to be receipted so payments will be included in 2019/20 accounts
Friday 27 th March 2020	Final date for debtor invoices to be raised
Tuesday 31 st March 2020	Final deadline for service capital journals
Friday 3 rd April 2020	Final deadline for Services journals to be provided to business partnering for review
Friday 17 th April 2020	Open CP (Collaborative Planning) online forecasting for Outturn (Subject to change)
Friday 17 th April 2020	Final Corporate adjustments

Friday 17 th April 2020	All Balance Sheet reconciliations provided to Financial Control
Friday 24 th April 2020 (tbc)	Receipt of Group Accounts from Mercury Land Holdings
Tuesday 5 th May 2020	SLT Business Meeting - Capital Outturn Report, Final confirmatory Outturn Report
Wednesday 27 th May 2020	Draft Statement of Accounts signed by Section 151 Officer

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 Council's 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 apparent human resources implications in noting the content of the report.

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: Audit Committee, 28 January 2020

- (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