



**Havering**  
LONDON BOROUGH

## AUDIT COMMITTEE

**Subject Heading:**

Closure of Accounts Timetable 2020/21

**SLT Lead:**

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**Policy context:**

This report advises the Audit Committee of the progress to date in preparing for the Closure of Accounts 2020/21

**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

**SUMMARY**

This report advises the Audit Committee of the progress to date in preparing for the closure of the 2020/21 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 2020/21 accounts.

**REPORT DETAIL**

**1. Background**

The Council closed its accounts and prepared its Financial Statements for 2019/20 in the first week of July 2020. However the external audit of the accounts is still ongoing at January 2021 – it was due to be completed by the 30<sup>th</sup> November 2020 extension for Covid-19 (normally 31<sup>st</sup> July).

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 under the Accounts and Audit Regulation is for having the 2020/21 draft accounts published by 31<sup>st</sup> May 2021 and the statutory deadline to have the accounts audited is 31<sup>st</sup> July 2021. At the time of writing, draft legislation subject to consultation has been published. The publication of draft accounts is to be no later than the first working day in August and the audit deadline is 30<sup>th</sup> September. Once the legislation has been confirmed, the then the timetable will be finalised, however there is still the need from a Corporate financial management point of view to report the revenue outturn to Cabinet in May even if some technical adjustments that do not affect usable resources (such as for IAS19) can be made to the accounting statements afterwards. Legislation that defers the publication date would give scope for fewer estimates to be used in areas such as investment values in the IAS19 report – this would reduce the need for the audit review of estimates against actuals.

- 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. There will be a training session for members of the Audit Committee between the end of May and the approval 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 publication is achieved.

### **3. Closedown Timetable**

Following consultation with key officers, the 2020/21 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. Any slippages identified will be addressed before year-end.

### **4. Interim Audit**

For 2020/21, 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 in early 2021. The interim audit is likely to focus on walk-through process testing and confirmation that the Fusion opening balances match the Oracle closure balances. Fusion is the Council's new financial management system. The date of the final audit will be confirmed in the audit plan to be tabled at Committee in April. Officers will be working closely with the auditors to ensure the audit opinion for 2020/21 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 2020 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 and three joint ventures, 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 and the joint venture 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.

## Audit Committee, 23 February 2021

- 5.2 The ongoing 2019/20 audit is presenting a risk to the 2020/21 closedown process as the roll over of the fixed asset accounting module cannot be done until the auditors have confirmed they will not request any changes to the 31<sup>st</sup> March 2020 balances.
- 5.3 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 2020/21, finance and service staff has been asked to reconcile 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 now the new Fusion system is in place.
- 5.4 The key deadlines in the draft timetable include the following:

<b>Deadline</b>	<b>Task</b>
Thursday 25 <sup>th</sup> March 2021	Final deadline for service capital journals
Friday 26 <sup>th</sup> March 2021	Final date for invoices to be raised and paid for to be automatically included in 2020/21 accounts
Tuesday 6 <sup>th</sup> April 2021	Final deadline for Services journals to be provided to business partnering for review
Tuesday 13 <sup>th</sup> April 2021	Open CP (Collaborative Planning) module to allow outturn variance reasons be recorded on system (Subject to change)
Friday 16 <sup>th</sup> April 2021	Final Corporate adjustments
Friday 16 <sup>th</sup> April 2021	All Balance Sheet reconciliations provided to Financial Control
Friday 30 <sup>th</sup> April 2021	Receipt of Group Accounts from Mercury Land Holdings and Joint Ventures.
Tuesday 4 <sup>th</sup> May 2021 (tbc)	SLT Business Meeting - Capital Outturn Report, Final confirmatory Outturn Report
Thursday 27 <sup>th</sup> May 2021 (tbc)	Draft Statement of Accounts signed by Section 151 Officer. Draft legislation subject to consultation defers the draft accounts publication date to no later than the first working day in August
Friday 30 <sup>th</sup> July 2021 (tbc)	Audit sign off of the Accounts per current Accounts and Audit Regulations. This is likely to be deferred, the draft legislation has an audit deadline of 30 <sup>th</sup> September 2021.

The above timetable is intended to be a guide to key closedown dates, however dates might be amended as matters arise.

## 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:

- (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.