



Havering
LONDON BOROUGH

AUDIT COMMITTEE

Subject Heading:

Closure of Accounts Timetable 2021/22

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 2021/22.

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 2021/22 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 2021/22 Accounts.

REPORT DETAIL

1. Background

The Council closed its accounts and prepared its Financial Statements for 2020/21 in the last week of July 2021. The external audit of the accounts is still ongoing at January 2022 – it was due to be completed by the 30th September 2021 extension for Covid-19 (normally 31st July).

This report outlines the Council's preparations to ensure the 2021/22 accounts are published on time and are audited timely.

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 Regulations 2021 (Amendment) is for having the 2021/22 draft accounts published by 31st July 2022 and audited by 30th September 2022. At the time of writing, draft legislation subject to consultation has been published which suggests deferring the audit deadline to 30th November 2022. However there is no mention of whether the draft accounts publication date for 2022/23 will revert back to an earlier 31st May or will remain at a more realistic 31st July. Once the legislation has been confirmed, the Committee will be updated. Whatever the publication deadline is, 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 compared to actuals.
- 2.2 To be able to meet the statutory deadlines, it is 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 publication of the draft accounts and the approval Committee, to outline the main features of 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 2021/22 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 2021/22, 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. With the 2020/21 audit continuing, at this stage we don't know what interim audit arrangements EY will be making for 2021/22. Any interim audit is likely to focus on walk-through process testing. The date of the final audit will be confirmed in the audit plan to be tabled at Committee, probably in April. Officers will be working closely with the auditors to ensure the audit opinion for 2021/22 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 2021 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 two 100% subsidiary and two 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 Bridge Close as well as 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 as soon as possible in order to avoid any amendments to Havering's accounts. In the event of any late changes to the accounts, there is a risk that these changes could prompt an ISA260 comment as part of the Annual Audit Report.
- 5.2 The ongoing 2020/21 audit is presenting a risk to the 2021/22 closedown process as the rollover of the fixed asset accounting module cannot be done until the auditors have confirmed they will not request any changes to the 31st March 2021 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 2021/22, 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 reconciliations are sufficient and are provided in a timely manner. Inclusion of bank statement excerpts and third party documentation will assist with the audit process.
- 5.4 The key deadlines in the draft timetable include the following:

Deadline	Task
Friday 25th March 2022	Final date for invoices to be raised and paid for to be automatically included in 2020/21 accounts
Thursday 31 st March 2022	Final date for receipting for goods and services received in 2021/22
Friday 1st April 2022	Final deadline for service capital journals
Monday 4th April 2022	Final deadline for service's journals to be provided to business partnering for review
Tuesday 12th April 2022 (tbc)	Open CP (Collaborative Planning) module to allow outturn variance reasons be recorded on system (Subject to change)
Tuesday 12th April 2022 (tbc)	Final Corporate adjustments
Thursday 14th April 2022 (tbc)	All Balance Sheet reconciliations provided to Financial Control
Friday 29th April 2022	Receipt of Group Accounts from Mercury Land Holdings, Bridge Close LLP and Joint Ventures.
Wednesday 4th May 2022 (tbc)	SLT Business Meeting - Capital Outturn Report, Final confirmatory Outturn Report
Tuesday 26th July 2022 (tbc)	Draft Statement of Accounts signed by Section 151 Officer for accounts publication on website by 31 st July 2022.
Friday 30th September 2022 (tbc)	Audit sign off of the Accounts per 2021 Accounts and Audit Regulations (Amendment). The DLUHC have announced plans to defer this deadline to 30 th November.

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.