

<b>AUDIT PANEL</b>		
<b>Report Title</b>	<b>UPDATE ON 2013/14 CLOSING OF ACCOUNTS AND EXTERNAL AUDIT</b>	
<b>Key Decision</b>	<b>NO</b>	<b>Item No. 3</b>
<b>Ward</b>	<b>ALL</b>	
<b>Contributors</b>	<b>EXECUTIVE DIRECTOR FOR RESOURCES AND REGENERATION</b>	
<b>Class</b>	<b>PART 1</b>	<b>Date: 20 MARCH 2014</b>

## **1. SUMMARY AND PURPOSE**

- 1.1. This report provides an update to Audit Panel Members on the preparations for the 2013/14 Closing of Accounts and statutory External Audit.

## **2. RECOMMENDATION**

- 2.1. The Audit Panel is asked to note the contents of the report.

## **3. 2012/13 EXTERNAL AUDIT**

- 3.1. Grant Thornton began as the Council's external auditors on 1<sup>st</sup> November 2012. The forthcoming external audit is therefore the second one to be carried out by them. Senior Council finance staff have met regularly with senior Grant Thornton staff since the conclusion of the 2012/13 external audit to ensure that the next external audit is successful.
- 3.2. In February 2014, Grant Thornton undertook their Interim Audit and the feedback has been positive in respect of internal systems of financial control. They will begin their substantive work auditing the council's annual accounts in July 2014.

## **4. 2013/14 STATEMENT OF ACCOUNTS**

- 4.1. The Statement of Accounts is prepared in accordance with the CIPFA Code of Practice on Local Authority Accounts, as agreed by the DCLG. The Pre-Audit Statement of Accounts is required to be completed by the end of June 2014 and submitted for audit. The Audited Statement of Accounts is required to be completed and approved by full Council by the end of September 2014.
- 4.2. In previous years, both of these Statements have been submitted to the Audit Panel before the required deadlines. However, due to the local government elections in late May 2014, it has not been possible to arrange a meeting of this Panel in June 2014. Discussions are ongoing about the feasibility of arranging a meeting in July 2014 and members will be notified in due course. However, rigorous quality assurance measures involving the Director for Resources and Regeneration will be put in place in lieu of their involvement. The audited Statement will be submitted to the Audit Panel in September 2014 as usual.

## **5. 2012/13 CLOSING OF ACCOUNTS**

- 5.1. The 2013/14 Closing of Accounts timetable, guidance and reporting deadlines have again been reviewed and updated. As last year was fairly successful, very few changes have been made. The only major change is the non reporting to Audit Panel in June as outlined in paragraph 4.2. The accounts will be closed using the current Oracle R11i financial system, which is due to be upgraded during the first half of the new financial year to Oracle R12. There will be substantial pressures on finance staff during this period with part 2 of the Finance Re-organisation being undertaken as well. A number of areas are being examined which may have a minor beneficial effect on the workload. There are no major changes in the accounting requirements for 2013/14.
- 5.2. The external audit of the 2012/13 accounts made a number of recommendations concerning the non current asset valuation processes and accounting. These are set out in Appendix A and the current position on these is as follows. The Valuation Office are being used to value the rolling programme of assets and will adopt a beacon approach to value the housing stock. This will be completed by 31<sup>st</sup> March 2014. The asset register system has been developed to prepare the capital accounting entries in the accounts and the correct accounting treatment will be identified and actioned. The two low priority recommendations are being addressed as stated in our response.
- 5.3. The 2012/13 Grant Claims external audit report, included elsewhere on this agenda, made two high priority recommendations in respect of the Teachers Pension return. As a result, the processes for preparing this return have been amended and all backing information is being retained. Officers have taken action to address two of the three medium priority recommendations by reminding staff of the requirements to submit signed copies of claims and focus on identifying errors and weaknesses. Our response to the other recommendation has been accepted by the DWP and agreed by Grant Thornton.

## **6. IMPLICATIONS**

- 6.1. There are no financial, legal, crime and disorder, equalities or environmental implications directly arising from this report.

## **7. CONCLUSION**

- 7.1. The report confirms that plans and procedures are in place to enable a timely and accurate audited Statement of Accounts to be produced at year end.

## **BACKGROUND PAPERS**

<b>Title of Document</b>	<b>Date</b>	<b>File Location</b>	<b>Contact</b>	<b>Exempt Information</b>
2012/13 Statement of Accounts	29/09/13	3rd <sup>rd</sup> Floor, Laurence House	Richard Lambeth	

For further information on this report please contact:

Peter Stachniewski, Interim Head of Financial Services on 020 8314 8379

Richard Lambeth, Group Finance Manager – Core Accounting on 020 8314 3797