

Appendix B

2013/14 Accounts closedown project

Progress Report to Audit and Risk Committee – 13th March 2014

Background

The council has a statutory obligation to sign off its annual accounts by 30 June each year and for its auditors to issue an audit letter to use by 30 September each year.

The council has previously found it difficult to close the annual financial statements effectively and on schedule in line with national and local timetables. The audit of the financial statements for 2010/11 and 2011/12 saw delays to the external auditors (then the Audit Commission) work due to concerns over the financial statements and other issues. And while the 2012/13 accounts were signed on time by the s151 officer, the new external auditors (BDO) finished late because of issues found in the 2011/12 accounts and previous year's accounts as well as a number of items from the 2012-13 accounts.

As a consequence the council now needs to improve its financial and performance literacy. It will do this by working closely with the auditors (BDO) (and others where appropriate) throughout the autumn/winter of 2013 to develop a project plan that ensures the delivery of an unqualified audit opinion of our statement of accounts for the 2013/14 year. This plan (see the attached draft) will clearly identify and articulate those processes and arrangements (at both a finance team, service area and third party provider level) that need to be put in place by the council (and others) to successfully produce accurate, timely, accessible and quality controlled statements of accounts for 2013/14 financial year, for sign off by the council's Section 151 officer by the beginning of June 2014.

The objectives of this project

To:

- Arrive at an accurate, timely and properly evidenced annual statement of account for the 2013/14 financial year in accordance with statutory, the auditors and the council's corporate requirements, with the resources currently available with the finance team, and achieving the right balance between economy, efficiency, accuracy and value for money. We will do this by:
 - Identifying the auditors and the council's list of requirements (in terms of data and supporting information) for the 2013/14 close down of accounts.
 - Evaluating whether the council has sufficient information and processes in place to satisfy these requirements for the 2013/14 year (and subsequent years thereafter).
 - Putting in place, where gaps are found in the data and the supporting information required, and new arrangements to gather this information quickly and efficiently without negatively impacting on the projects delivery timetable.
 - Quickly identifying and agreeing what service areas (and third party providers) need to provide to compile the 2013/14 accounts (i.e. what do we need, from whom, in what format and why and to what quality/standard, and most importantly, by what deadlines).
 - Identifying how the council can better collate, present and share all of the collected data and supporting information collected during the 2013/14 closedown, so that it is readily accessible and easily updated in future years,

- Identifying what other steps need to be taken to prepare the accounts each year going forward and developing procedures and policies to manage this, as and where required.
- Streamline, refine and improve the council's current financial processes for the annual compilation of these accounts, in accordance with industry standards.

Progress to Date

- A Project Inception Document (PID) has been developed to define how this project will be undertaken, what the products will be and broadly set out the future tasks needed to support the compilation of this and future years statements of account.

The Group has had 2 initial meetings and a 3rd is planned in February. Tasks completed, Items agreed and discussed are:

- Understanding the detailed requirements of the auditors and the ambitions and aspirations of the senior managers [and the Audit and Risk Committee] and consider how the finance team (and others) need to change current processes to better meet these expectations.
- Writing a requirements document to capture the specific data and supporting information requirements of the auditors (and others) in order to plan the detailed work packages of the project.
- Reviewing the effectiveness of the relationships and links that exist between the finance team, service areas and third party providers (and set down in service level agreements/contracts, where appropriate) to make recommendations on how these relationships/arrangements can be enhanced and strengthened.
- Reviewing the usability and accessibility of existing data and supporting information currently held to determine whether we have the right information in place to satisfy the auditors (and others) detailed requirements.
- Identifying what data and supporting information is currently missing and needs to be commissioned/captured and what is being collected unnecessarily so that it can be omitted and/or decommissioned.
- Analysing the data and supporting information currently collected to ensure that any in year changes to the way some services now operate have been properly taken account of in the way this information is presented.
- Identifying relevant best practise, innovation and research to inform the processes to be followed this year and each year thereafter.

The project to date has fulfilled its promise to interface with the following:

- Relevant finance staff
- Relevant staff from each service area
- Third party suppliers (avarto)
- external auditors

This progress report is the first step to interface with additional stakeholders

- Directors
- CMT
- Audit and Risk Committee Members
- Internal auditors

The Scope of the Project

Completed to date

Phase 1 - Planning the project [November 2013 – December 2013]

Stage 1 – Project initiation [November 2013 – December 2013]

- Establish Project team
- Define and assign Project team member roles and responsibilities
- Business Case development
- Project Inception document (PID) development
- Initial stakeholder assessment analysis
- Governance documentation
- List of deliverable/requirements
- Timetable
- Identify lead officers

Stage 2 - Learn lessons from 2012/13 (and previous years) [November 2013 – December 2013]

- Clarity over what can we quickly change in readiness for this years closedown - *Agreed at 1st Project team meeting*
- Separate quick wins from those that will take longer to achieve *Identify at 1st Project team meeting*

Stage 3 - Scope out 2013/14 requirements/work packages [November 2013 – December 2013]

Identify auditors' detailed requirements

- Clarify what standard/level of detail required by auditors including supporting information
- Assess whether these expectations are realistic and achievable

Identify gaps in our current processes

- Document
- Alert relevant staff (including third party providers)

Identify what we can stop doing as no longer required -

- Document
- Assess how time saved could be used to undertaken other financial activity
- Communicate to relevant staff (including third party providers)
- Re - allocate resource where appropriate
- Alert relevant staff (including third party providers)

Action Plan assignment [December 2013]

- Identify and assign work packages and responsibility to lead officers and key staff (including third party providers (informed by all of the above))
- Set deadlines for completion
- Additional Resources to specifically look at BDO action plan tasks around asset management and asset reconciliations

Proposed and Ongoing Tasks

Monitor delivery of each work packages to agreed timetable(s) January 2014 – March 2014]

- Manage/oversee delivery of each work package with lead officer(s)
- Provide regular progress reports on each work package to PM, PS and PE, Project team and Programme Board [Audit and Risk Committee]
- Quality control/double check data and supporting information for accuracy/appropriateness/completeness in accordance with Auditors detailed requirements
- Amend where necessary with support for lead officer responsible for each work package
- Sign off each work package with lead officer on successful completion

Quality control and testing [April 2014]

- Assemble/compile accounts and supporting information
- Independently test/quality control to ensure accuracy and compliance with the auditors and councils detailed requirements
- Amend where necessary with relevant lead officer(s)

Delivery [May 2014 – June 2014]

- Secure sign off by section 151 officer by 20 June 2014
- Secure sign off by project board, programme board and Audit and Risk committee
- Communicate results to public and stakeholders
- Store data and supporting information in an easily accessible format for use in future years

Lessons learnt [July 2014 – October 2014]

- Undertake a lessons learnt review of 2013/14 process to inform and plan for 2014/15 close down of accounts
- Undertake an evidence-based review of the 2013/14 accounts closedown process in order to examine whether the project achieved economy, effectiveness and efficiency in the use of public funds.
- Communicate lessons learnt and value for money reviews to staff, lead officers, stakeholders, third party providers, Project Board, Programme Board, Audit and Risk Committee
- Use information from both reviews to prepare for 2014/15 closure of accounts timetable