

**To the Chair and Members of the AUDIT COMMITTEE**

**ARRANGEMENTS AND TIMETABLE FOR THE PREPARATION OF THE ACCOUNTS – 2014/15**

**EXECUTIVE SUMMARY**

1. This report provides details of the plan and timetable for producing the 2014/15 Statement of Accounts. The deadlines for producing the draft accounts and the approved audited accounts are set out in regulation and are currently 30<sup>th</sup> June and 30<sup>th</sup> September respectively.
2. There are government proposals contained in the Local Audit and Accountability Act 2014 to reduce the dates for producing the accounts for the 2017/18 financial year by one month, for the draft accounts, to 31<sup>st</sup> May and by two months, for the audited accounts, to 31<sup>st</sup> July.
3. The plan is for this Council to quicken the production and subsequent publishing of the draft and audited accounts over the term of the next four years to meet these proposed timescales.

**EXEMPT REPORT**

4. The report is not exempt.

**RECOMMENDATIONS**

5. It is recommended that Members note the arrangements being put in place to close down future years' accounts and note the draft timetable designed to meet the revised deadlines for 2014/15.

**WHAT DOES THIS MEAN FOR THE CITIZENS OF DONCASTER?**

6. These arrangements will contribute towards the Council receiving an unqualified opinion on their accounts and secure good governance and value for money in its use of resources.

**BACKGROUND**

7. The Accounts and Audit Regulations 2011 introduced a two stage approval process for the Statement of Accounts; the first stage is in June each year. The Regulations require that the responsible financial officer, by no later than 30<sup>th</sup> June, signs and certifies that the Statement of Accounts presents a true and fair view of the financial

position of the Council for the year to 31<sup>st</sup> March previous, subject to the views of the External Auditor.

8. The second stage, as set out in the Regulations, requires that on or before the 30<sup>th</sup> September, approval needs to be given to the Statement of Accounts by resolution of the Audit Committee. This approval will take into account the views of the External Auditor. This is done so that the Statement of Accounts can then be published.
9. In order to ensure that the Council can meet these statutory deadlines, the process of 'closing the accounts' must be closely monitored.
10. To achieve this, a draft timetable has been developed which will enable the closedown process for the 2014/15 accounts to be proactively managed. Appendix A provides an abridged version of the timetable showing the critical path, key dates and deadlines. The timetable has been further developed since 2013/14 to enable a quicker closedown process for the 2014/15 accounts to eventually align dates for the production of the 2017/18 accounts with current government proposals as noted in paragraph 2 above.
11. The date for the sign off of the draft 2014/15 accounts has therefore been set as Tuesday, 23<sup>rd</sup> June 2015 with the audited 2014/15 accounts expected to be presented to this Committee on Wednesday, 16<sup>th</sup> September 2015. It is expected that future years' accounts will be produced in line with the dates in the table below.

| <b>Financial year's accounts</b> | <b>Draft accounts published</b> | <b>Audit opinion received, audited accounts published</b> |
|----------------------------------|---------------------------------|---|
| 2015/16                          | 10 <sup>th</sup> June 2016      | 1 <sup>st</sup> September 2016                            |
| 2016/17                          | 6 <sup>th</sup> June 2017       | 17 <sup>th</sup> August 2017                              |
| 2017/18                          | 31 <sup>st</sup> May 2018       | 31 <sup>st</sup> July 2018                                |

12. The timetable will be extremely challenging over the period with the number of available working days reducing by over 40% (it should be noted that this period includes Easter, May Day and the Spring Bank Holidays). However, it is expected that the increased use of estimation techniques; the existing professionalism, knowledge and experience of key finance officers; and the continued development of the ERP system, its reporting and processing capabilities will assist in making these future deadlines achievable.
13. It should be noted that the Council will aim to move to the 31<sup>st</sup> May and 31<sup>st</sup> July deadlines earlier than the above table suggests, and by 2016/17 accounts, if possible. This will be subject to changes to internal processes and procedures becoming embedded in working arrangements quicker than planned enabling a more timely and efficient closedown of the accounts.
14. The preparation and production of the 2013/14 Statement of

Accounts went extremely well and the auditors recognised, once again, that there was a marked improvement in the quality of working papers resulting in a significant reduction in the number of errors compared to previous years with audit identifying just the one error in 2013/14. The auditors issued an unqualified opinion on both the Statement of Accounts and the Council's Value for Money conclusion following the presentation of the accounts to the Audit Committee meeting on 23<sup>rd</sup> September 2014.

15. However, work to improve the quality of both the Statement of Accounts and associated working papers continues. Final Accounts meetings, once again, are to be held each week during March to May to ensure that accounting procedures are applied consistently; best practice is shared; there is a shared understanding of any difficulties or delays that are happening and to disseminate updated information quickly and consistently.
16. The draft timetable now includes sufficient time to complete an effective analytical and quality assurance review of the Statement of Accounts (in line with external audit recommendations) and dates for new system procedures and reporting requirements are to be embedded in the closedown process. Early work has been identified for the latter part of this financial year to ensure that the closedown process runs smoothly during the key months of May and June.

## OPTIONS CONSIDERED

17. Not relevant for this report

## IMPACT ON THE COUNCIL'S KEY PRIORITIES

- 18.

| Priority  | Implications   |
|---|--|
| We will deliver modern value for money services.                          | Receiving an unqualified opinion on the accounts and a good Value for Money conclusion will show that the Council is delivering effective services and demonstrating good governance arrangements. |
| We will provide strong leadership and governance, working in partnership. |  |

## RISKS AND ASSUMPTIONS

19. Failure to meet the statutory deadlines for signing, producing and/or publishing the accounts would attract adverse comments from the auditors who could issue a public interest report.
20. The auditors need to be confident that the information in the accounts is accurate and reliable otherwise they may not be able to give an unqualified opinion on the accounts.

## **LEGAL IMPLICATIONS**

21. The Council must comply with the CIPFA's Code of Practice on Local Authority Accounting (the 'Code') when preparing the Accounts.
22. The Account and Audit Regulations 2011 specify the deadlines for signing and producing the Accounts and when they will be available for public inspection.

## **FINANCIAL IMPLICATIONS**

23. There are no direct financial implications.

## **CONSULTATION**

24. Not relevant for this report

## **BACKGROUND PAPERS**

25. None

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