

# CYNGOR SIR POWYS COUNTY COUNCIL

## AUDIT COMMITTEE

29<sup>th</sup> January 2015

**REPORT AUTHOR:** Professional Lead for Finance

**SUBJECT:** Preparation for Statement of Accounts 2014/15

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**REPORT FOR:** Information

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### 1. Introduction

- 1.1 Committee will be aware that the Statement of Accounts for 2013/14 were approved and that an unqualified report by the Wales Audit Office (WAO) was presented to Audit Committee on the 26<sup>th</sup> September 2014.
- 1.2 Whilst an unqualified opinion was received from the Wales Audit Office, a number of issues were identified during the course of the audit resulting in significant changes being made to the Statement of Accounts.
- 1.3 The Committee received a report at its meeting of the 17<sup>th</sup> October 2014 outlining the approach to be taken to address the concerns and improve the process for the 2014/15 Closure of Accounts.
- 1.4 This report and appendices provide an update on the progress to date and the overall process to be adopted to deliver an efficient closure of accounts for financial year 2014/15.

### 2. Closure of Accounts 2014/15 Project

- 2.1 The adoption of a Project Management approach as recommended by PricewaterhouseCoopers following their review is now in place. The Project Team comprises of officers across the Authority all of whom have a key role in maintaining the accounts of the Authority and hence a significant impact on the accounts closure programme. A key message is that the closure of accounts is not just a matter for the finance team but that all parts of the organisation have a part to play.
- 2.2 The Project Plan is built in 5 Phases and identifies a number of workstreams all of which are an essential part in completing the annual closure of accounts and the preparation of the Financial Statements. A lead officer has been identified for each workstream who is responsible for the delivery of that workstream. At each Project Group meeting the lead reports on all achievements, issues and

actions for their individual stream and raises any issues. Mitigating action is identified and put in place. The Project Plan is attached as Appendix A.

- 2.3 A risk register is in place and maintained.
- 2.4 The Professional Lead for Finance reports progress and identifies issues with the Head of Professional Services and the Strategic Director of Resources (Section 151 Officer), and reports under a standard item at the Resources Management Team. For 2014/15 there will also be agreement of the Chief Executive's Management Team to the accounts closure timetable. By raising the profile of the process this will increase awareness of its importance.

### **3. Project Progress to Date**

- 3.1 All workstreams are active and the project group meets every fortnight.
- 3.2 The Wales Audit Office Statement of Accounts Memorandum issued in December 2014 identifies 17 Recommendations which if addressed should improve the process for the 2014/15 Accounts. Each of these recommendations has been reviewed and included as part of an individual workstream within the project plan. Appendix B provides the details of this and the person responsible for implementing the recommendation.
- 3.3 The Finance team are still operating with a number of vacancies, The recruitment of qualified and experienced staff to key posts in the finance section remains a challenge, however, temporary posts have been in place and a further recruitment campaign is now underway. It is critical that the positions are filled because changes in staffing have caused some backlogs and these still remain in some areas. Proposals to address this will be submitted to Resources Management Team for consideration.
- 3.4 A full task list, resourcing schedule and timetable are being prepared which will identify any gaps across the Authority and the necessary action required to fill those gaps. Teams hold individual timetables and schedules but amalgamation of these for the whole project approach will clearly identify dependencies, 'pinch points' and issues which can then be addressed. Workstream leads have been tasked with completing this action in readiness for the next project meeting on the 23<sup>rd</sup> January 2015.
- 3.5 In order to bring staff to an appropriate level of proficiency training courses are offered during this quarter of the year covering elements of Accounts Closure, relevant courses have been attended or booked.
- 3.6 Discussions with the Welsh Audit Office have agreed that the Audit approach for next year's audit will be shared where possible with us, any work or testing that can be carried out ahead of the audit period will be undertaken.

- 3.7 A workshop will be arranged with Finance staff and Wales Audit staff to discuss the audit approach and requirements, enabling both parties to discuss and better understand the testing regime and agree the protocols for the 2014/15 Audit. This will also assist in developing adequate working papers and evidence requirements.
- 3.8 Under the Generated Income Workstream individual service team meetings have been held to ensure that each team is amending the coding to correctly identify true income and that which is internally generated. In some instances the coding structure has been amended. This work is progressing across the service teams and will continue through to May and the completion of Phase 2. Budgets for 2015/16 are also being set to accommodate the changes required.
- 3.9 The recharge budgets have been reviewed and amended to accommodate the restructuring across the Authority. Recharging of costs rather than issuing of invoices is also being considered where appropriate which will improve processes and increase efficiency. Apportionment methodology will be discussed in advance with WAO to ensure that our approach is appropriate.
- 3.10 An internal audit review is underway with regard to the Bank Reconciliation process. There is an important link between the audit plan and accounts closure. The WAO's overall assessment of risk will be influenced by the reports produced by the Audit section especially those of 'fundamental' systems such as the accounting system.
- 3.11 A valuations schedule has been issued to the Valuers and the District Valuation Service have been engaged and are undertaking the work.
- 3.12 The project plan builds in time specifically to undertake a review of the Statement of Accounts to carry out a robust quality control check.
- 3.13 The next meeting of the project group is on Friday the 23<sup>rd</sup> January and a further verbal update will be provided at the committee.

<b>Recommendation:</b>	<b>Reason for Recommendation:</b>
<p><b>That Audit Committee notes the contents of the report.</b></p> <p><b>That Audit Committee receive regular updates on the Delivery of the Project.</b></p>	<p><b>To improve the accounts closure process for 2014/15, and the audit of the accounts</b></p>

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**Background Papers used to prepare Report:**

Statement of Accounts 2013/14

WAO Statement of Accounts Memorandum

Closure of Accounts 2014/15 Project Plan, Minutes and Progress reports.