JOINT INDEPENDENT AUDIT COMMITTEE
24 November 2015

SUBJECT	REVIEW/ TAKE STOCK OF ACCOUNTS PROCESS AND PREPARATION FOR 2015/16
REPORT BY	DEPUTY CHIEF FINANCE OFFICER OPCC/FORCE
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SUMMARY AND PURPOSE OF REPORT To provide the committee with a review of the closure of accounts process for 2014/15 and the preparation for the closure of accounts from 2015/16 onwards.	
RECOMMENDATION	That the Committee note the review of 2014/15 and the preparation for 2015/16 onwards.

A. Supporting Information

1. Introduction

The purpose of this report is to review the closure of accounts process for 2014/15 including the external audit by KPMG LLP. The report will also outline the plans for 2015/16 onwards that are already underway.

2. Take Stock of 2014/15

2.1 The accounts were prepared in good time for each stage of the process including the two presentations to the JIAC, for the audit and for signing/certifying.

2.2 It is understood that all parties (KPMG and Corporate Finance/G4S) recognise that there was some duplication of time spent on the same issues.

2.3 The September 2015 JIAC received the four key issues and recommendations from the KPMG audit report, attached again for reference at Appendix A. These will be taken forward as described in the Management Response section of Appendix A and also covered in sections 3 and 4 below.

2.4 KPMG issued an unqualified audit opinion on the PCC and CC's financial statements, an unqualified VFM conclusion and in addition they confirmed that the Annual Governance Statement complies with CIPFA/SOLACE guidance.

2.5 The summary accounts have been amended following feedback from the JIAC in September 2015 and have been published on the PCC and Force websites.

3. Preparation for 2015/16

3.1 It is the intention to have a much clearer structure in place in order to receive regular and timely feedback from the onsite auditor so that issues can be discussed with all relevant people once at the same time, instead of multiple occasions with different people.

3.2 The Government has brought forward the existing dates of 30 June and 30 September, for accounts being signed and certified by the Responsible Financial Officer and then approved and published, to 31 May and 31 July from the 2017/18 accounts. The current plan for 2015/16 is to bring forward the pre-audit accounts deadline to early June 2016 with a specific JIAC working group meeting to review in June with the post-audit accounts reviewed at the JIAC in July 2016. It is anticipated that this will be further brought forward in 2017 (2016/17 accounts) in readiness for the requirement in 2018 (2017/18 accounts). The exact audit dates are yet to be agreed for 2015/16.

3.3 Part of the work towards the earlier deadline includes a ten month interim audit in February 2016. Work has already begun on improving working papers, the pensions split across the PCC and CC accounts, and the reconciliation of the number of pensioners.

3.4 There is a separate paper on the Accounting Policies at the November JIAC. The accounting policies will be reviewed and updated before the publication of the draft 2015/16 accounts. The committee will be made aware of any changes to policies as part of the review of draft and final accounts.

3.5 There is already a detailed draft closure of accounts timetable in place with key reporting dates specifically highlighted. It will be documented who is responsible for producing the components within the statement of accounts to avoid any confusion, and to ensure key decision makers are available during this period.

3.6 Improvements to the processes have been made, for example the accounts were reviewed at 6 months with all the Notes to the accounts being set up, and brought forward balances are ready to be populated. Capital accounting processes have also been improved.

3.7 The Reporting Manager (G4S) and Deputy CFO (PCC & CC) were new in post during the 2015/16 closure of accounts; they have now both experienced a complete cycle of closure of accounts and will be better placed to drive improvements from 2015/16 onwards.

4. Thinking ahead to 2016/17

4.1 The full revaluation of property assets will be required as at 1 April 2016 and transacted into the 2016/17 accounts. The work to tender for this contract has already begun and will ensure the full revaluation covers all of the requirements within the Code of Practice on Local Authority Accounting in the United Kingdom.

B. Financial Considerations

None

C. Legal and Human Rights Considerations

None

D. Personnel, Equal Opportunities and Diversity Issues

(Including any impact or issues relating to Children & Young People)

None

E. Review Arrangements

A take stock and review of 2015/16 closure of accounts process will be provided in October 2016.

F. Risk Management

None

G. Public Access to Information

Information in the report along with any supporting material is subject to the Freedom of Information Act 2000 and other legislation.

No.	Risk Priority	Issue and Recommendation	Management Response
1	1	The quality of the Working papers in relation to capital accounting and capital financing were poor, with no detailed summary of asset movements and an over reliance placed on system reports to substantiate figures. Improvements to the Authority's working papers are required.	Improvement of working papers continues to be a high priority for us and both the consistency and availability of working papers have progressed in response to last year's recommendation. It is recognised however that further work is required to continue that improvement and fully embed the auditor's requirements. In terms of the use of system reports this is an important part of the use of the t-police system with a movement away from a spreadsheet approach. Work will be required to improve the balance between system reports and working papers. Responsible Officer: Reporting Manager, Due Date 28th Feb 2016.
2	2	The PCC should ensure that component accounting is implemented fully in accordance with the requirements of the code at the next full revaluation date.	As recognised in the report, improvements have been made in the approach to component accounting. This requirement will be included in the brief for the next full revaluation. Responsible Officer: Reporting Manager, Due Date 28th Feb 2016.
3	2	The Income and expenditure figures for pension costs should be split between the CC and PCC accounts for future years.	This is agreed and will be implemented in full next year. Responsible Officer: Reporting Manager, Due Date 28th Feb 2016.
4	3	There is a difference of 71 between the number of pensioners in the actuary's report and the payroll headcount. Whilst this is unlikely to impact on the accounts, the difference should be investigated to ensure that the correct number of pensioners is being reported to the actuary.	This issue has been raised with the pension's administrator, who has confirmed that the difference is due to old data being used in the actuary's report. A full reconciliation is being carried out to ensure that up to date data is held and future reports reflect the correct position. Responsible Officer: Reporting Manager, Due Date 28th Feb 2016.