

**JOINT INDEPENDENT AUDIT COMMITTEE**  
**31 October 2018**

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<b>Subject</b>	<b>REVIEW/TAKE STOCK OF ACCOUNTS PROCESS AND PREPARATION FOR 2018/19</b>
Report by	<b>Gillian Holder, Deputy Chief Finance Officer</b>
Contact officers	<b>Rachel Briggs, Corporate Accountant</b> <b>TEL: 01522 558159</b>
<b>SUMMARY AND PURPOSE OF REPORT</b>	
To provide the committee with a review of the closure of accounts process for 2017/18 and the preparation for the closure of accounts from 2018/19 onwards.	
<b>RECOMMENDATION</b>	
That the Committee note the review of 2017/18 and the preparation for 2018/19 onwards.	

## **A. Supporting Information**

### **1. Introduction**

The purpose of this report is to review the closure of accounts process for 2017/18 including the external audit by KPMG LLP. The report will also outline the plans for 2018/19 onwards that are already underway.

### **2. Take Stock of 2017/18**

- 2.1 The accounts were prepared in a timely manner for each stage of the process including the two presentations to the JIAC, one to be presented for audit, and one post audit ready for signing/certifying. Statutory deadlines were brought forward in 2017/18 and in order to achieve these, earlier completion of the accounts had been brought forward in stages from 2015/16. No issues were encountered in meeting the new deadlines.
- 2.2 A separate JIAC working group meeting to review the pre-audit accounts in May took place for the third year running and this continued to work well with the relevant finance team members involved.
- 2.3 Both the interim and final audit went smoothly with the audit recommendations identified being corrected at the time. The June audit was prolonged slightly due to resourcing issues at KPMG.
- 2.4 The issue and recommendation presented to JIAC in July from the KPMG audit report is attached for reference at Appendix A. This will be taken forward as described in the Management Response section of Appendix A.

- 2.5 KPMG issued an unqualified audit opinion on the PCC and CC's financial statements, and they confirmed that the Annual Governance Statement is consistent with the principles of the CIPFA/SOLACE Framework; Delivering Good Governance in Local Government. Importantly KPMG also concluded that the PCC and CC have made proper arrangements to secure economy, efficiency and effectiveness in the use of resources.
- 2.6 The inclusion of a thorough and detailed Chief Finance Officer's Narrative Report in line with the requirements of the Code has meant that separate summary accounts are no longer required. The final accounts for 2017/18 are published on the PCC and Force websites.

### **3. Preparation for 2018/19**

- 3.1 Early agreement of the timetable will take place and it is anticipated that the audit will commence at the beginning of June 2019, the JIAC meeting on 8 July with accounts being signed by the middle of July. Ernst and Young (EY) have provisionally signed up to this timetable. A meeting with EY in October 2018 should agree the timescales.
- 3.2 The timetable identifies 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 so that the necessary actions are completed. A weekly meeting to discuss the timetable will take place to monitor progress against key deadlines and discuss any issues.
- 3.3 There will be a separate paper on the Accounting Policies at the January 2019 JIAC meeting. The accounting policies will be reviewed and updated before the publication of the draft 2018/19 accounts. The committee will be made aware of any changes to policies as part of the review of draft and final accounts.
- 3.4 Improvements to the processes will be continued for 2018/19, for example the accounts will be reviewed at 9 months with all the notes to the accounts being set up, and brought forward balances being checked and ready to be populated. Working papers will be checked thoroughly prior to the audit and this review time will be built into the closure timetable. Notes to the accounts will automate from the key source documents where possible.
- 3.5 Attendance of technical update workshops will capture any changes in the Code of Practice, and time will be built into the timetable to accommodate any changes. Where possible these changes will be discussed at the interim audit.
- 3.6 Reconciliations of budget/reserves changes are to be maintained throughout the year to streamline the process at year end, and any mid-year budget changes decision papers are to be carried out in year.
- 3.7 Pension notes to be reviewed in line with the PCC for Leicestershire format to provide clarity and more visibility of the HO top up grant but this will be in line with the Code and audit requirements.

- 3.8 It was anticipated that the desk top review of property assets (including componentisation) would be carried out as at 1 April 2018 with a review for material changes as at 31 March 2019. This allows the majority of the resulting accounts work to be incorporated earlier. Due to operational difficulties with the contracted valuers, the contract is currently being reviewed, it is hoped that this will not impact on the timeliness of service provision for the 2018/19 accounts.
- 3.9 The format of the audit, with one point of contact from both the Force and G4S finance teams holding regular meetings, worked well so it is the intention to continue that in 2018/19.
- 3.10 The Reporting Manager and Deputy CFO will continue to work together to drive further improvements for 2018/19 onwards.
- 3.11 Corporate Finance will liaise with the PCC's Communication and Media Services provider regarding branding of the final accounts documents.
- 3.12 The current plan for the 2018/19 accounts is to bring the pre-audit accounts to a JIAC working group on 24 May 2019. Detailed analysis of key variances will also be provided at this group as requested following the May 2018 JIAC working group. The post audit accounts will be presented to JIAC on 8 July 2019.

**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 review of 2018/19 closure of accounts process will be provided in October 2019.

**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.

## Appendix A

No	Risk Priority	Issue and Recommendation	Management Response
1	2	<p>We have noted deterioration in the quality of working papers provided in support of the financial statements over the previous year.</p> <p>There is a risk of audit work being delayed or additional costs being incurred in the audit process.</p> <p>Recommendation:</p> <p>Sufficient time should be built in to the closedown timetable to enable an appropriate review of working papers to be undertaken and any necessary corrective action implemented before the commencement of the audit process.</p>	<p>We agree that working papers should be of the required standard.</p> <p>Appropriate time will be given to review the working papers for 2018/19.</p> <p><b>Responsible Officer</b></p> <p>Head of Finance</p> <p><b>Due Date</b></p> <p>2018/19 Statement of Accounts</p>