

**CYNGOR SIR POWYS COUNTY COUNCIL**

**AUDIT COMMITTEE**

**3<sup>rd</sup> February 2017**

**REPORT AUTHOR: Acting Head of Financial Services**

**SUBJECT: Closure of Accounts and completion of Statement of Accounts Project 2016/17**

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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 2015/16 were approved and that an unqualified report by the Wales Audit Office (WAO) was presented to Audit Committee on the 30th September 2016, which met the statutory deadline.
- 1.2 The closure of accounts process and completion of the Statement of Accounts for 2015/16 was once again delivered under a project management approach. The approach has been adopted for 2 years and has led to continued improvements both to the quality of the draft financial statements and the information available to support them, the Wales Audit Office have one again recognised improvement in their report to the Committee on the 30<sup>th</sup> September 2016.
- 1.3 The Project Management approach will continue for the 2016/17 Closure of Accounts and completion of the Statement of Accounts. This will build on the progress made in previous years.

**2. Project Update**

- 2.1 The Project Team is meeting formally monthly up until March, when the frequency of meetings will be reviewed.
- 2.2 On 10<sup>th</sup> November an officer attended the WAO facilitated event "Making a reality of Early Closure". Pembrokeshire County Council who had their 2015-16 accounts approved by the end of July in 2016 gave a presentation on their experiences. They had used a project management approach with regular meetings between the key players. The importance of corporate buy-in was emphasised at member, corporate management team, finance and service level. They highlighted the fact they had involved junior members of staff more than in previous years and this was creating more resilience. They had utilised the flexi system to ease the spikes in officer hours as the deadlines approached. They

also worked with WAO to identify what can be done earlier in terms of audit testing i.e. interim testing.

- 2.3 In November's meeting officers discussed the issues arising in the Auditor General for Wales Management Letter 2015-16 and actions to remedy them. The main code changes to the 2016-17 accounts were also discussed along with a consultation for the 2017-18 code. The areas of most note for 2016-17 will be the change in the presentation of the Comprehensive Income and Expenditure Statement to represent service analysis by the organisational structure of the Authority rather than the previously prescribed Service Reporting Code of Practice (SERCOP) headings provided by CIPFA. The group were also made aware of the decision to postpone the implementation of the Highways Network Asset measurement by Depreciated Replacement Cost in 2015-16. It is estimated that full implementation will result in a revaluation increase of £1trillion to the UK public sector balance sheet. A key part of the implementation is the provision of central Gross Replacement Cost (GRC) rates, CIPFA has been working with stakeholders, including the Department of Transport to confirm rates but it became clear that they would not be ready in good time of the 2016-17 financial statements. CIPFA/LASAAC will meet in March 2017 to consider implementation in 2017-18.
- 2.4 December's meeting highlighted the current Welsh Government consultation that proposes removing the Pension Fund accounts out of the Authorities Statement of Accounts, removing the need to publish Audit notices in local newspapers and bringing the closing date for the production of the 2018-19 accounts forwards by two weeks. Officers felt each of these proposals were reasonable requests.
- 2.5 The initial project plan was taken to January's meeting and officers were asked to consider items for the risk register. In light of the Auditor General's comments the project plan will build in more resource for qualitative analysis. Working papers are currently being analysed so that they are easier to follow for those undertaking the review.
- 2.6 Officers have booked on CIPFA hosted training days in early February for both the Statement of Accounts and Pension Fund accounts.
- 2.7 WAO staff have started work on their system and procedure analysis and are aiming to sample test transaction in period 1-10.

<b>Recommendation:</b>	<b>Reason for Recommendation:</b>
<b>That Audit Committee notes the contents of the report.</b>	<b>To continue the improvement in accounts closure and that the</b>

**That Audit Committee receive regular updates on the Delivery of the Project.**

**continuing use of project management principles is endorsed for the closure and audit of the 2016/17 accounts.**

Contact Officer Name:	Tel:	Email:
Jane Thomas	01597 826341	jane.thomas@powys.gov.uk