

**CLOSURE OF 2011/12 ACCOUNTS
(Report by the Head of Financial Services)**

1 BACKGROUND

- 1.1** The Panel are well aware of the significant problems experienced in producing a set of final accounts of acceptable standard for 2010/11. The problems reflected a rare combination of circumstances including the ill health and subsequent voluntary redundancy of a key member of staff, the introduction of IFRS and the lack of continuity due to a change of external auditors.
- 1.2** However impossible it would be for last year's circumstances to be repeated it is necessary to explain to the Panel the differences and the changes in place for the 2011/12 accounts in order to provide appropriate reassurance.

2 2011/12 ACCOUNTS

- 2.1** There are two types of changes dealt with below. The first type I have termed "fundamental" in that they relate to things that are intrinsically different for 2011/12. The second category are termed "procedural" and reflect changes to our processes.

2.2 Fundamental Changes

- IFRS is in place and there will be an audited set of accounts on this new basis. Therefore the emphasis is on any minor items that were not important enough to deal with and any changes during 2011/12.
- There is no additional work from restating previous years.
- Knowledge and understanding of IFRS requirements are significantly higher as a result of this year's experience which included assistance from external experts at various stages.
- PWC will have a significant knowledge of the Council and will be better able to provide advice on any difficulty.
- The Accountancy Team has been restructured following the voluntary redundancy and a Technical Team created to pull together a range of tasks including capital. This team is headed by a qualified accountant who has now gained significant experience of capital and IFRS issues, partly from this year's experience and partly from attending training courses. This team will provide support to the Accountancy Manager in the completion of the accounts so that the work is spread more evenly.

2.3 Procedural Changes

- Development of a capital asset register that will highlight the required accounting entries.
- Making use of the suite of spreadsheets from another Authority to simplify the production of the financial statements.
- Specific stages have been identified in the process where a review will take place to identify whether any technical difficulties are emerging. If they do we will promptly obtain the necessary assistance.
- Increasing the value, below which, adjustments for debtors and creditors are ignored as immaterial. This will reduce the volume of entries and allow this element of the process to be completed more quickly thus providing more time for the remaining stages.
- A more detailed timetable to cover certain areas where difficulty was experienced last year with weekly review of progress with the Head of Service. Again, external assistance will be obtained if there is any indication of problems emerging.
- Identification, during March, of all of the asset valuations that will be required and the basis on which they need to be made, thus enabling the valuer to program the work at an earlier date.
- Early discussion with the Auditor to agree the amount of detail required in the electronic file of working papers to make the audit more efficient.

2.4 There is however one significant change not covered above and this relates to the Accountancy Manager having given notice to leave in September to take up a personal vocation. The Panel should recall that the accounts are due to be passed to the auditor by the end of June and then presented to the Panel once audited at its September meeting. Thus the accounts are expected to be completed before she leaves. However, the post will be advertised promptly, and the extended notice should provide the opportunity for some overlap with the current post holder, thus minimising any potential problems.

3 CONCLUSION

3.1 Fundamental changes from the position last year minimise the chances of delay and of inaccurate accounts in 2011/12. Further process changes have been planned to reduce the likelihood still further.

4 RECOMMENDATION

4.1 The Panel is asked to note the action taken to ensure the final accounts process runs smoothly for 2011/12.

ACCESS TO INFORMATION ACT 1985

None

Contact Officers:

Steve Couper, Head of Financial Services

☎ 01480 388103