

Report of	Meeting	Date
Chief Finance Officer	Governance Committee	24 th Jan 2018

CLOSURE OF ACCOUNTS 2017/18

PURPOSE OF REPORT

- To provide an update on the progress of preparation for the closure of accounts 2017/18 as per the request of the Governance Committee in September 2017.

RECOMMENDATION(S)

- To note the contents of this report

EXECUTIVE SUMMARY OF REPORT

- The Accounts and Audit Regulations 2015 set out new deadlines for the publication of the 2017/18 statement of accounts. The draft accounts must be completed and signed by 31st May 2018 with the final audited accounts uploaded by the 31st July.
- The 2016/17 closedown process made a lot of progress in closing the accounts by the 31st May however the draft accounts were submitted on 15th June 2017.
- Preparation for the 2017/18 closure of accounts is underway and has built on the lessons learnt from 2016/17. A project plan and closure timetable has been created with tasks allocated to relevant finance team members. Some of the notes to the accounts are being completed as part of the budget monitoring process.
- Some tasks, this includes resolving difficulties reconciling the debtor system to the financial ledger, are to be undertaken in January.
- The changes required as part of the new Code of Practice 2017/18 are relatively straightforward when compared to the large number of changes in 2016/17. This will further aid the early closure of the accounts.

Confidential report Please bold as appropriate	Yes	No
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Key Decision? Please bold as appropriate	Yes	No
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REASONS FOR RECOMMENDATION(S)

(If the recommendations are accepted)

- To provide the Governance Committee with an update to the progress of the 2017/18 closedown process.

ALTERNATIVE OPTIONS CONSIDERED AND REJECTED

9. Not applicable

CORPORATE PRIORITIES

10. This report relates to the following Strategic Objectives:

Involving residents in improving their local area and equality of access for all		A strong local economy	
Clean, safe and healthy homes and communities		An ambitious council that does more to meet the needs of residents and the local area	✓

BACKGROUND

11. The Accounts and Audit Regulations 2015 set out new deadlines for the publication of the 2017/18 statement of accounts.

Stage	2016/17 Accounts Deadline	2017/18 Accounts Deadline
Chief Finance Officer to sign and date the draft statement of accounts	30 June	31 May
Publication of the statement of accounts	30 September	31 July

12. The Code of Practice 2017/18 requires Chorley Council to make some minor changes to the statement of accounts. These are significantly less complicated when compared to the changes required during the 2016/17 statement of accounts.

CLOSURE 2016/17

13. The closure of accounts 2016/17 was the final practise for the Council to complete a draft statement of accounts by 31st May.
14. Work was undertaken prior to the beginning of the 2016/17 closedown to meet this deadline including the drafting of a detailed closure checklist, dealing with high risk issues such as valuations, earlier on in the closedown process and allocating notes to the statements to officers at an early stage to ensure there was sufficient capacity and expertise.
15. Despite improvements in the closure processes the draft accounts were submitted to Governance Committee on 15th June.
16. The majority of the accounts and notes were complete by the end of May. However a technical issue, outside of the authority's control, surrounding the cash flow statement relating to the land swap the Council completed on 31st March delayed closure. In addition, contact from the HCA on 12th June resulted in a change in the treatment of a grant Chorley Council had received. This resulted in the £2.4m grant being recognised in 2016/17 rather than 2017/18 and resultantly changed the core statements and some of the supporting notes further delaying the draft accounts being submitted to Governance Committee until 15th June

CLOSURE 2017/18

17. Through revisiting the closedown process in 2016/17 the finance team has created a revised closedown timetable and as per last year allocated tasks, including notes to the accounts, to individuals within the team. Every relevant member of staff is now aware of their responsibilities and their deadlines during the closedown process.
18. One of the lessons learnt from 2016/17 was, where possible, to incorporate working papers into the routines of the finance team. Of the forty expected notes to the accounts eight are incorporated into the budget monitoring process. As a result of this only minor amendments to these notes are expected at year end.
19. Financial systems have undertaken training sessions with requisitioners and budget managers to ensure that purchase orders are up to date and invoices processed as quickly as possible. In addition, the management accounts team have reviewed outstanding purchase orders to ensure the ledger is up to date and the raising of accruals at year end is a less time-consuming task.
20. The District Valuer has been appointed as the Council's external valuer of property assets. A list of assets that require valuation has been agreed by Property and Financial Services and this has been sent to the valuer. Draft valuations are expected to be completed by the end of February with the full valuation reports to be received by the end of March. Subsequent draft notes to the accounts should then be completed close to year end.
21. There are two sub-projects proposed as part of the closure of account in 2017/18 that will require additional work between finance and non-finance teams:
 - a. There were reconciliation problems in 2016/17 between the creditor and debtor system reports and the general ledger reports. Revisions to these reports will require work between the finance systems, treasury management and debtor teams. Work will begin in January and conclude in February.
 - b. The financial accountancy team will continue to work with the South Ribble colleagues to ensure that reconciliations required for accounts closure are completed promptly at year-end.
22. Regular audit liaison meetings have been set up with the external auditors. In these meetings any potential risks to the timely closure of accounts, especially surrounding the Council's large capital investments, can be discussed and resolved.

The Code of Practice and the 2017/18 Accounts

23. There were many changes to the Code of Practice in 2016/17 including changes to the core statements and additional notes. The changes in 2017/18 are relatively simple, with minor actions required, as highlighted below.

Amendments	Description	Action
Section 2.2 Community Infrastructure Levy	Clarification of the treatment of revenue costs and any charges received before the commencement date	None Required already accounted for as stated
Section 3.1 Narrative Reporting	Introduce key reporting principles for the Narrative Report	Most principles already included, additional sections to be added where necessary
Section 3.4 Presentation of Financial Statements	Clarification of the reporting requirements for accounting	Additional sections to be added with

	policies and going concern reporting	reference to financial resilience and sustainability
Section 3.5 Housing Revenue Account	Directions 2016 disclosure requirements for English authorities	None Required
Section 4.2 Lease and Lease Type Arrangements	Clarification of lease accounting relevant to Scottish authorities.	Not relevant.
Section 4.3 Service Concession Arrangements	Changes to disclosures in respect of PFI & similar schemes relevant to Scottish authorities.	Not relevant.
Section 7.4 Financial Instruments – Disclosure and Presentation Requirements	Amendments reflect Scottish regulations and provide clarification of disclosures.	No changes to financial reporting requirements.
Section 6.5 Accounting and Reporting by Pension Funds	Additional disclosures of pension fund investment management transaction costs.	Not relevant

Comments from External Audit

24. The draft accounts were submitted to external audit on 15th June 2017. The audit concluded on the 28th September 2017. Grant Thornton will provide a verbal update to the Governance Committee in this meeting as to how they will meet the reduced timeframe they have, approximately six weeks from the completion of the draft statement of accounts, to complete the audit in 2017/18.

NEXT STEPS

25. The closure of accounts 2017/18 will be managed as a project through the MyProjects system. Regular progress of closure project will be reported to the Director of Policy and Governance and Chief Executive/Chief Finance Officer.
26. A members learning hour will be arranged prior to the draft statement of accounts being presented to the Governance committee on 30th May 2018.

IMPLICATIONS OF REPORT

27. This report has implications in the following areas and the relevant Directors' comments are included:

Finance	✓	Customer Services	
Human Resources		Equality and Diversity	
Legal		Integrated Impact Assessment required?	
No significant implications in this area		Policy and Communications	

COMMENTS OF THE STATUTORY FINANCE OFFICER

28. The Accounts and Audit Regulations 2015 dictate that the draft accounts must be completed and signed by 31st May 2018 with the final audited accounts uploaded by the 31st July. This report outlines the Councils progress to date as well as the changes required as part of the 2017/18 Code of Practice.
29. The closure of accounts 2017/18 will be managed as a project through the MyProjects system. Regular progress of closure project will be reported to the Director of Policy and Governance and Chief Executive/Chief Finance Officer.

COMMENTS OF THE MONITORING OFFICER

30. No Comment

GARY HALL
CHIEF FINANCE OFFICER

There are no background papers to this report.

Report Author	Ext	Date	Doc ID
James Thomson	5025	16/01/18	