



**To:** Joint Audit Committee  
**From:** Niki Howard, Director of Finance and Resources  
**Date:** 29 June 2017

## **2016/17 YEAR-END FASTER CLOSEDOWN**

### **1. Purpose**

1.1 This report has been prepared to update the Committee on the production of the 2016/17 Statement of Accounts and preparations for faster closedown.

### **2. Background**

2.1 The Accounts and Audit Regulations 2015 introduced the requirement to prepare and publish the annual Statement of Accounts earlier from 2017/18 onwards. Draft Statement of Accounts prepared for external audit and public inspection are required to be published by 31<sup>st</sup> May (previously 30<sup>th</sup> June) and the final Statement of Accounts are required to be published by 31<sup>st</sup> July.

2.2 In preparation for this change of statutory timetable from 2017/18, it was planned that the draft 2016/17 Statement of Accounts would be prepared by 31<sup>st</sup> May 2017, in order to test plans for how the challenges of faster closedown in 2017/18 could be met.

### **3. Report content**

3.1 The preparation of the draft 2016/17 Statement of Accounts was delayed and were not completed by the planned deadline of 31<sup>st</sup> May 2017. There were a number of reasons for this:

- The implementation of a new Finance system in January 2017, following which staff are still adjusting as to how best to retrieve and report on data;
- The introduction of redesigned Chart of Accounts, meaning that staff have to look up every code when previously they would have known many from

memory, and also the preparation of a number of year-end working papers from scratch;

- Migration to the new Finance system taking place part way through a financial year led to many hours of additional reconciliation at year-end and the processing of data migration corrections;
- The resource demands of implementing the new Finance system resulted in some preparation work for the year-end not being completed in advance as had been planned;
- Reduced resources in the Financial Accounting team for preparation of the Statement of Accounts;
- Delays in receiving agreed figures for BCH collaboration, partly due to unplanned staff absence;
- Delays in receiving required information from third parties, for example council tax collection fund balances from the council tax billing authorities.

3.2 Despite the delays experienced, there were some planned faster closedown preparation actions that were achieved in 2016/17:

- Working with Estates colleagues to receive valuations for operational properties in time for a period 9 soft closedown;
- Processing of valuations for operational properties prior to year-end;
- Implementation of monthly accruals and prepayments for 2016/17;
- Working with external auditors to complete much of the audit work for data up to period 9 prior to year-end;
- Taking a more pragmatic approach to estimates such as the IAS 19 accrual for holiday entitlements carried forward into the next financial year, enabling earlier and faster production than in previous years;
- Removal of working paper repetitions.

3.3 There are a number of factors that will enable faster closedown to be successful in 2017/18:

- No call on resources for Finance system implementation, enabling better use of period 9 soft closedown and more preparation ahead of year-end;
- No reconciliation of in-year data from two different finance systems and different charts of accounts;
- Staff will have twelve months more experience of the system, chart of accounts and reporting;
- Year-end specific Business Objects reports will be written during 2017/18;
- Information from third parties such as other local authorities will be available earlier in the year-end process as they are also required to meet the earlier deadlines in 2017/18 and beyond;
- Working papers produced for the 2016/17 Statement of Accounts (based on the new chart of accounts) can be used as the basis for working papers in 2017/18;

- The implementation of a single Finance system across BCH has required better alignment of the chart of accounts across the three forces, which will result in easier and quicker reconciliation and agreement of year-end figures, as well as reducing the amount of work required for year-end journal preparation.

3.4 The following actions are being taken to learn lessons from the 2016/17 year-end process:

- Chief Finance Officers and Heads of Finance from across BCH are to meet and discuss resource requirements for the reporting of BCH collaboration;
- A restructure of the Senior Management Team in Finance is underway;
- A practitioner's group is being set up with representatives of BCH Finance teams to look at the further alignment of the charts of accounts and improving reporting capabilities.

#### 4. **Recommendations**

4.1. The Committee is asked to note the contents of the report.