

ACCOUNTS AND AUDIT REGULATIONS 2015**REPORT OF CHIEF FINANCE OFFICER**

1. Purpose of the Report

- 1.1 To inform the Group of the implications of the new Accounts and Audit Regulations 2015 and changes to current practices that need to be considered and approved.

2. Background

- 2.1 The Accounts and Audit Regulations are an important element of the governance framework that the Police and Crime Commissioner and Chief Constable are required to comply with.
- 2.2 They contain provisions on internal control and annual accounts and audit procedures applying to the Police and Crime Commissioner and Chief Constable. The Regulations contain detailed rules about the preparation, approval and publication of the annual statement of accounts, and about the arrangements for local electors and other interested persons to exercise their rights of inspection, objection and to question the local auditor.
- 2.3 These 2015 Regulations came into effect on 1 April 2015 and revoke the Accounts and Audit Regulations 2011, although those regulations continue to have effect in relation to financial years ending on or before 31st March 2015. Hence, the statement of accounts for 2014/15 will be subject to the requirements of the 2011 regulations.
- 2.3 The regulations can be viewed on line at <http://www.legislation.gov.uk/uksi/2015/234/contents/made>

3. Changes

- 3.1 The changes arising from the 2015 regulations are as follows:
- 3.2 Part 3 – Published Accounts and Audit
- The requirement to prepare and publish the statement of accounts in accordance with the regulations and proper practices has been brought forward. Publication of the audited statement of accounts will be due by 31st July each year from 2017/18 (currently 30th September).

- There is a new requirement to prepare and publish (including on the authority's website) a narrative statement commenting on our financial performance and economy, efficiency and effectiveness in their use of resources over the year. This is intended to help readers understand the financial position reflected in the accounts.
- The approval of the statement of accounts has been changed and a new order of process is now required – see provision 9.

3.3 Part 5 – Inspection and Notice procedure

- Part 5 includes a number of changes and reforms the rules on the exercise of the public's rights to inspect the accounts and to put objections and questions to the auditor;
- The periods for the exercise of these rights will be set by the Police and Crime Commissioner and Chief Constable instead of, as under the 2011 Regulations, the auditor;
- There is a new requirement that the single 30 working day period for the exercise of these rights (during which persons interested will have the right to inspect the accounts of any authority in their area) must now include a common ten day period, during which the accounts of every Police and Crime Commissioner and Chief Constable will be available for inspection (although the rights to put objections and questions to the auditor remain limited to local electors);
- It allows time to prepare for the new timetable by delaying its introduction until the accounting year 2017/18. From that year (1 April 2018) we will be required to have closed our accounts by 31 July rather than 30 September, following the accounting year end, and to commence the period for the exercise of public rights on a day that ensures that the period covers the first 10 working days of June;
- Period for exercise of public rights – rights of objection, inspection and questioning of the local auditor to be exercised only within a single period of 30 working days;
- Above period to include the first 10 working days of June following the year-end and from 2017/18;
- The requirement to publish the unaudited accounts including notice of public rights.

3.4 The revised timescales are set out in a pictorial format in Appendix 1.

4. Meeting the New Requirements

- 4.1 The regulations do not require any action until the closure of the accounts 2017/18 that will be published on 31st July 2018. However, early planning will help us to restructure our resources and working practices so that we are able to meet the new deadlines.
- 4.2 To meet the new deadlines and manage the transition will require a fundamental rethink of what, why, where and when we do financial work including monitoring, valuations, analysis, audit and scrutiny. For example:
- questioning the status quo and applying more efficient practices. These include 'soft closing' accounting periods for say the first six months of the year and then introducing 'hard' closes from period 7 onwards. This enables an external audit firm to conduct an interim audit prior to year end thereby spreading the work more evenly through the year.
 - In order to be able to close periods in year, good housekeeping is crucial. Exercising control over inputs and regular review of the out-turn to the budget will ensure that figures in the ledger make sense.
 - Use of accounting models to save time;
 - Use of software e.g. CIPFA cash flow tool to save up to 2 days for example;
 - Valuation of assets completed mid-year rather than at end of year;
 - Use of estimating techniques rather than rely on actuals where reliable and timely.
- 4.3 The changes may ultimately reduce the burden of the closure process and enable the organisation and finance staff to save time.
- 4.4 A project plan will be developed and brought to a future JGG and JIAC.

5. Equal Opportunities Implications

- 5.1 It is considered that there are no equal opportunities implications arising from the report.

6. Human Rights Implications

- 6.1 It is considered that there are no human rights implications arising from the report.

7. Risk Management Implications

- 7.1 The managed timetable will ensure the completion of the accounts and publication. The audit will provide a level of assurance that the Statement of Accounts is materially correct and free from error.

8. Financial Implications

8.1 The project report will identify any financial implications that arise.

9. Recommendations

9.1 To note the revised Accounts and Audit Regulations 2015 and that a project plan to achieve the new deadlines will be brought to a future meeting of the JIAC.