

PRODUCTION & AUDIT PROPOSALS FOR 2017/18 STATEMENTS OF ACCOUNT
REPORT OF JOINT CHIEF FINANCE OFFICER

1. Purpose of the Report

- 1.1 In line with the Local Audit and Accountability Act 2014 the timeframe for the production of the Statements of Account (SOA) and Annual Governance Statement (AGS) will change from 2017/18 onwards.
- 1.2 The purpose of this report is to outline the impact of these changes and in particular, the proposed alterations to the governance arrangements going forward.

2. Changes to the reporting deadlines for Financial Statements

- 2.1 The Local Audit and Accountability Act 2014 implemented changes to the timeframe for the production of the SOA and AGS with effect from 01 April 2017. In summary, these changes require:
- Draft SOA and AGS to be signed and published by 31 May each year; and
 - Final SOA, AGS and the audit opinion to be signed and published by 31 July each year.
- 2.2 For the Chief Constable (CC) and the Police and Crime Commissioner (PCC) this effectively means the time period for the production of the draft accounts has been reduced from 3 months to 2 months. The period within which the external audit must be completed has also been reduced from 3 months to 2 months.
- 2.3 These changes are more commonly known as '*Faster Close*' and require a rethink of how the finance team and external auditors approach the production of the accounts, plus a review and rescheduling of governance, sign-off and publication arrangements.

3. Planning for the introduction of Faster Close

- 3.1 The finance team have attended a number of local and national workshops to discuss and plan for the introduction of the new arrangements.
- 3.2 Preliminary discussions have already taken place with our external auditors Mazars and a specific '*Lessons Learned and Planning workshop*' has been arranged for 09 October 2017.

- 3.3 In order to achieve the tighter deadlines, the key areas for discussion are outlined below, some of which have already been discussed in principle:
- De-cluttering of the SOA – removal of any non-material notes or excessive disclosures/remove any disclosures not statutorily required.
 - Pre plan – review the production and audit timetables for tasks to be completed and the arrangements for monitoring progress.
 - Spread testing across the financial year – look to break down testing into phases e.g. December, February and year-end for areas such as: journals, payroll, income, expenditure, bank reconciliations etc.
 - Bring forward tasks – where possible bring SOA and audit tasks forward rather than all being condensed into the close period, such as: undertake and audit asset valuations prior to year-end; produce and audit appropriate disclosure notes prior to year-end; audit brought forward balances and transactions.
 - Take a risk based approach to quality assurance, estimation techniques and materiality of accruals.

4. Governance and sign-off arrangements for 2017/18 onwards

- 4.1 To achieve the new deadlines the scrutiny and sign-off arrangements for both the draft and final statements will have to change. As outlined in 2.1 above the draft statements will need to be signed and published by 31 May each year, with the final statements and audit opinion published by 31 July each year. This requires the following rescheduling of key dates:

Date	Task
By 31 May	Draft SOA's signed off by Chief Financial Officer. Draft AGS's prepared and reviewed by Joint Independent Audit Committee, signed by PCC/CC. Draft Statements published on PCC/CC websites.
1 June – 11 July	Accounts open for public inspection (30 working days).
June / July	External Audit on site, completion of the audit and Value for Money opinions.
Mid-July	Joint Independent Audit Committee (JIAC): – Audited SOA's and Audit Completion Reports (ACR's) reviewed and recommended for approval by the PCC/CC. – Revised AGS's recommended for signature by the PCC/CC.
By 31 July	Statements authorised and signed. Publication of SOA's, AGS's, Narrative Statements and External Audit opinions on respective websites.
August	Report the completion of the audit, publication of the statements and to report to the Police & Crime Panel.

- 4.2 As a key element of the successful implementation of the above requirements the role of the JIAC will need to be considered, more specifically the timing of meetings from 2017/18 onwards.
- 4.3 In order to meet the end of May deadline, the annual assurance review and recommendation of the draft AGS must be brought forward to early/mid May, and the consideration of the final accounts and final AGS to take place in mid-July. Therefore, the proposed scheduling of JIAC meetings from 01 April 2018, with highlighted statutory accounts related tasks, is as follows:

Meeting	JIAC Tasks
Mid-May	Draft AGS's prepared and reviewed by Joint Independent Audit Committee, signed by PCC/CC.
Mid-July	Audited SOA's and ACR's reviewed and recommended for approval by the PCC/CC. Revised AGS's recommended for signature by the PCC/CC.
November	Receive External Audit Annual Audit Letters.
February	External Audit Strategy Memoranda received in preparation of the year-end including audit risks.

- 4.4 The above schedule would meet the statutory and governance requirements for the SOA's and AGS's. Other regular reports received by JIAC have also been assessed to see if there are any operational issues with the revised scheduling. In some cases this would be more appropriate, the November meeting would enable true mid-year review reports to be considered by JIAC, such as the Treasury Management mid-year review, which would be for a full six months and received timely in November.

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 revised meeting schedule, aligned to a managed timetable for the completion of the statutory accounts, will ensure effective governance arrangements are maintained and statutory deadlines are met.

8. Financial Implications

8.1 There are no financial implications arising from this report.

9. Recommendations

9.1 To note the report and agree the re-scheduling of JIAC meeting dates in line with the requirements of the new accounting deadlines.