

Appendix 1 Action Plan with June 2012 update

Recommendations

Recommendation 1

Review of the financial reporting and control function and make the changes required to ensure it is fit for purpose.

Responsibility	Director of Finance and Corporate Services
Priority	High
Date	31 December 2011
Comments	We are undertaking a review of the skills and capacity required within the financial reporting and control function. This will focus on ensuring that all the activities in producing the 2011/12 accounts are allocated to individuals with clear monitoring and tracking of delivery.
Update Feb 2012	Review undertaken and year end closedown plan (Recommendation 4) reflects the allocation of activities to individuals. Audit Commission training course attended by two key members of staff involved in year end process. Audit Commission presentation to finance staff regarding feedback on 10/11 audit and key issues for 11/12 took place on 16 January 2012.
Update June 2012	Clear evidence that the improvements reported in February 2012 have yielded significant improvements in the closedown process have been seen through a successful interim audit report Further review to be undertaken after 2011/12 accounts have been completed to identify further improvements.

Recommendation 2

Approve, sign and publish audited accounts in accordance with section 8 of The Accounts and Audit (England) Regulations 2011

Responsibility	Director of Finance and Corporate Services
Priority	High
Date	30 September 2012
Comments	Building on lessons learned from 2010/11 audit process the timetable for 2011/12 has been drafted which is in accordance with statutory requirements. This will be shared with the Audit Commission for feedback to ensure robust plan is in place.
Update Feb 2012	Timetables for central finance team, finance business partners and budget holders have been produced to enable statutory timescales to be met.

Update June 2012	Although some individual tasks had fallen behind schedule, corrective action was taken such that the overall project has been delivered on time and to the required quality and, as a result, the Council is on target for completion of draft accounts by deadline of 30 June 2012.
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Recommendation 3

Provide financial statements for audit that include all relevant accounting entries for the year under review

Responsibility	Deputy Director of Finance
Priority	High
Date	30 June 2012
Comments	Following implementation of IFRS the closedown timetable for 2011/12 sets out in detail the key activities and milestones to ensure comprehensive coverage in the accounts including finance leases
Update Feb 2012	All relevant accounting requirements covered by final accounts plan. Review of approach to Heritage Assets well advanced with Audit Commission.
Update June 2012	All accounting entries will be incorporated in the statements provided for audit including the Movement in Reserves Statement (MiRS) which has been produced within the main financial system to ensure a clear audit trail. The Heritage Assets disclosure has been completed in line with the approach agreed.

Recommendation 4

Manage year end closedown against a robust close down plan, which contains clearly identified roles, responsibilities and target dates.

Responsibility	Deputy Director of Finance
Priority	High
Date	30 June 2012
Comments	Robust closedown plan has been drafted and will be shared with the Audit Commission for feedback. The closedown process will be actively project managed to ensure progress remains on track and that risks and issues are addressed.
Update Feb 2012	Closedown plan was shared with Audit Commission and is used as the basis for weekly review meetings with Council and Audit Commission officers. The meetings cover – review of actions in last week; activities for week ahead; risks and issues; overall review of progress against milestones in project plan.
Update June 2012	Weekly closedown review meetings have continued throughout the closedown period with the opportunity to raise issues with the Audit Commission and identify and agree solutions. These focus on the detailed

closedown plan and the achievement of activities within the timescales set out.

Recommendation 5

Maintain and collate working papers to support the preparation and audit of the financial statements on a timely basis

Responsibility	Head of Financial Management
Priority	High
Date	30 June 2012
Comments	We will confirm working paper requirements with the Audit Commission. The closedown timetable has built in activity to monitor the creation and review of working papers to ensure that these support the entries in the financial statements.
Update Feb 2012	Working paper requirements list has been provided by the Audit Commission and is currently being reviewed by Council officers.
Update June 2012	Working papers have been collated through the closedown period and are ready for the audit inspection process. The final working paper files are being prepared in advance of the start of the audit. Quality assurance has been undertaken using peer review.

Recommendation 6

Review in year changes in to PFI agreements and the accuracy of accounting entries on an annual basis.

Responsibility	Head of Financial Management
Priority	Medium
Date	30 April 2012
Comments	Closedown plan includes all the activities relating to reviewing PFI agreements for changes.
Update Feb 2012	Latest review of PFI agreements (Jan 2012) has not identified changes. This will be reviewed again for year end.
Update June 2012	The year end review has been undertaken and the PFI model remains unchanged. The accounts will reflect activity during 2011/12.

Recommendation 7

Ensure quality control and internal review processes are part of the monthly and year end close down process.

Responsibility	Head of Financial Management
Priority	High
Date	These have commenced

Comments	Reporting of key internal control processes reported to Strategic Finance Group from November 2011 onwards. This sets out latest position and areas for further action.
Update Feb 2012	Monthly reports to Strategic Finance Group (SFG) have continued. Audit Commission officers to attend SFG meeting in March.
Update June 2012	Monthly reports continued to SFG through to the year end. The Audit Manager from the Commission attended the March meeting which included a review of internal control processes.

Recommendation 8

Clear the remaining unreconciled migrated balances in debtors and creditors.

Responsibility	Head of Financial Management
Priority	High
Date	31 December 2011
Comments	This work has already commenced and will be completed by the end of December 2011.
Update Feb 2012	Completed. Work focussing on 11/12 entries in advance of year end.
Update June 2012	The interim audit has reviewed this area and not identified any outstanding issues. The review of 11/12 entries was undertaken as part of the quality control review.

Recommendation 9

Clear material outstanding items within reconciliation controls in a timely manner on the bank reconciliation.

Responsibility	Head of Financial Management
Priority	High
Date	31 January 2012
Comments	Specific project underway to clear residual items within the system. The groundwork for this was undertaken as part of the 2010/11 audit process. Once completed this will enable full system reconciliations.
Update Feb 2012	Work on outstanding items completed. Now working on current entries as part on on-going reconciliation processes
Update June 2012	The reconciliations of the three main bank accounts as at 31/3/12 have been audited and no issues have been raised. At that stage there were only verifiable reconciling items and this remains the case in the 2012/13 financial year.

Recommendation 10

Reconcile the bank account balance in the general ledger to the bank statement.

Responsibility	Head of Finance Service Centre
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Priority	High
Date	31 January 2012
Comments	Ongoing reconciliation taking place during 2011/12. Full system reconciliation report will be in place once project referred to above completed.
Update Feb 2012	At 10 February the bank reconciliation difference as at 31 January 2012 was £46k.
Update June 2012	The reconciliations of the three main bank accounts as at 31/3/12 have been audited and no issues have been raised. Further systems work is being undertaken during 2012/13 on the reconciliation of the largest bank account to improve the efficiency of the process.

Recommendation 11

Ensure managements overall analytical review of the financial statements includes debtors and creditors.

Responsibility	Head of Financial Management
Priority	Medium
Date	31 May 2012
Comments	Closedown plan includes analytical review of all balance sheet items including debtors and creditors.
Update Feb 2012	As referred to under Recommendation 8 reviews of debtor/creditor balances being undertaken in preparation for year end. Overall analytical review will be completed at year end.
Update June 2012	Overall review (including debtors and creditors) undertaken as part of closedown process.

Recommendation 12

Produce draft financial statements that comply with requirements of IFRS and Cipfa Code

Responsibility	Finance Manager (Financial Reporting)
Priority	High
Date	31 May 2012
Comments	Updated guidance will be reviewed when published and the Finance Manager will agree all requirements including new and amended notes with the Audit Commission in advance of the audit.
Update Feb 2012	Financial statements have been reviewed for new requirements from CIPFA Code and from information obtained from Audit Commission workshops. We are in currently discussion with the Audit Commission regarding two key issues (valuations of housing stock and treatment of non-maintained schools) to agree treatment in advance of year end.

Update June 2012	The accounts have been produced on the basis of the proposals set out to the Audit Commission with regard to housing depreciation and foundation schools.
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Recommendation 13

Undertake a self review of compliance against disclosure requirements using disclosure checklists (available from Cipfa and Audit Commission) as part of the Council's year end closure arrangements.

Responsibility	Finance Manager (Financial Reporting)
Priority	High
Date	31 May 2012
Comments	Updated disclosure checklists will be reviewed and requirements agreed with the Audit Commission in advance of the audit. All requirements will be allocated to specific officers to ensure information produced on time.
Update Feb 2012	As per Recommendation 12, latest requirements have been reviewed to identify changes. In some cases (eg HRA changes) technical guidance is still awaited from CIPFA and will be incorporated when published.
Update June 2012	Technical updates have been produced on Icelandic deposits and HRA changes and these have been incorporated into the statement of accounts.

Recommendation 14

Have regard to the increased level of financial risk when setting the level of Council general reserves.

Responsibility	Director of Finance and Corporate Services
Priority	High
Date	27 February 2012
Comments	The budget setting report to full Council will set out the financial risks facing the Council. This will provide a basis for the calculation of non-earmarked reserves in accordance with the statutory requirement for the Director of Finance and Corporate Services to advise the Council.
Update Feb 2012	Budget report to Executive sets out risks and a proposal to increase non-earmarked reserves by £1m in 2012/13.
Update June 2012	Budget proposal to increase reserves approved by full Council.

Recommendation 15

Review progress against action plan agreed with officers from the One Council programme review.

Responsibility	Director of Strategy, Performance and Improvement
Priority	High
Date	Immediate
Comments	Progress against the action plan is reviewed periodically at the One Council Programme Board

Update Feb 2012	Audit Commission to review progress in March/April 2012
Update June 2012	Will form part of Audit Commission value for money opinion for 2011/12