

Date: **9 October 2019**

Subject: **Final Accounts Action Plan 2019-20**

Report of: **Richard Paver, Treasurer of the GMCA**

PURPOSE OF REPORT

To update committee members on the proposed action plan to ensure that the Authority meets the statutory deadlines for the publication of its annual statement of accounts in 2019-20.

RECOMMENDATIONS:

The Audit Committee is asked to:

1. Note the contents of the report

CONTACT OFFICERS:

Richard Paver

Telephone: 0161 778 7004

email: richard.paver@greatermanchester-ca.gov.uk

Amanda Fox

Telephone: 0161 778 7004

email: amanda.fox@greatermanchester-ca.gov.uk

BACKGROUND PAPERS:

TRACKING/PROCESS		
Does this report relate to a Key Decision, as set out in the GMCA Constitution or in the process agreed by the AGMA Executive Board		No
EXEMPTION FROM CALL IN		
Are there any aspects in this report which means it should be considered to be exempt from call in by the AGMA Scrutiny Pool on the grounds of urgency?		No
AGMA Commission	TfGMC	Scrutiny Pool
N/A	N/A	N/A

1 INTRODUCTION AND BACKGROUND

- 1.1 The unaudited accounts were certified by the Treasurer and published on the Authority's website on the 7th June, 7 days after the statutory deadline of 31st May.
- 1.2 For 2018/19 the Authority invested in CIPFA's Big Red Button tool to assist with the preparation of the accounts, unfortunately due to the size and complexity of the Authority and Group accounts it was not possible to fully roll out for the 2018-19 accounts, which caused a delay in publishing the draft accounts by seven days. The tool has been useful in highlighting developments required in the authorities financial ledger and will be used in the preparation of the accounts going forwards.
- 1.3 In addition as we moved through the audit period the national McCloud / Sargent pension issues arose, resulting in the request of new actuarial reports and subsequent update of the accounts as the impact of these issues were material.
- 1.4 Early indications show that approximately 42% of local authority bodies did not meet the statutory deadlines, some as a result of the McCloud / Sargent issues and others where local authorities and audit teams did not have enough capacity or resources available to meet the deadlines.
- 1.5 As verbally reported to committee members at the July 2019 meeting, an action plan has now been compiled to ensure that risks are mitigated to ensure that statutory deadlines are met for future accounts.

2 ACTION PLAN

- 2.1 A range of actions have been agreed and in some cases put into place ahead of the 2019-20 accounts, including;
 - Dedicated Principal Finance Manager support on the closedown process – the role holder would normally be involved with in-year budget monitoring and budget setting until the new year;
 - Work has commenced with CIPFA to complete the 2018-19 mapping on Big Red Button to ensure that it is compliant and produces the same data as presented in the audited accounts;
 - Following the completion of the mapping exercise, any account structure changes within Business World On will be actioned to allow for easier mapping of the 2019-20 accounts;
 - A small project team will be brought together prior to the 31st March to establish which tasks can be completed ahead of the close down period;
 - Further training will be completed with staff ahead of 31st March to refresh staff on the tasks and deadlines and address any issues that were identified as part of the 2018-19 process;

- Once in the closedown period the accounts preparation will be twin tracked with both BRB and the manual process. This will provide comfort in terms of knowing what figures we should be expecting to see out of BRB but also providing a real-time back up should we encounter any issues.

2.2 A progress update will be brought to committee members at the April 2020 meeting.

3 FUTURE CONSIDERATIONS

3.1 It is also worth noting that Government have asked Sir Tony Redmond to launch an independent review into the arrangements in place to support the transparency and quality of local authority financial reporting and external audit in England.

3.2 The Redmond Review of local authority audit will consider a range of issues including;

- Whether councils are being effectively held to account following changes to business models including greater commercialisation and property investment;
- The growing trend of local authorities to borrow to invest in commercial property;
- Whether more guidance needed to help auditors assess the impact of significant changes to common business models?;
- The review will also consider whether the current audit framework, introduced following the abolition of the Audit Commission, is working properly;
- Respondents will be asked whether they agree with a recommendation made in [Sir John Kingman's review of the Financial Reporting Council \(FRC\)](#) which in December recommended a single body to oversee local audit;
- The review will consider whether the quality of local audit has dropped under the new regime following widely expressed concern that the reduction in fees has led to a change in the mix of staff undertaking local authority audits i.e. teams are less experienced and have less sector specific knowledge, which has a detrimental impact on quality;
- The length of time it currently takes before auditors issue qualified VFM opinions will be examined;
- The review will look at whether the governance framework for responding to audit findings and qualified audit reports incentivises LAs to take recommendations seriously; and
- The review will also ask for views on whether local authority accounts allow the user to understand an authority's financial performance and its financial resilience, and how improvements might be made.

3.3 Responses to the review are requested by the 22nd November, with initial recommendations in December 2019, with a final report published in March 2020.

3.4 Any recommendations coming out of this review will be considered and picked up as part of the closedown process.