

## **Report to the Audit and Governance Committee**



**Report reference:** *AGC-014-2019/20*  
**Date of meeting:** *27<sup>th</sup> January 2020*

**Epping Forest  
District Council**

**Portfolio:** Finance

**Subject:** Final Accounts Progress Report

**Responsible Officer:** Nick Dawe (01992 564000).

**Democratic Services:** Gary Woodhall (01992 564470).

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### **Recommendations/Decisions Required:**

- (1) To note the overall progress made in respect of the plan to improve the speed and accuracy of Final Account closure.
- (2) To note that a Month Nine trial close of the accounts has been achieved and that progress is being made in testing “year-end” activities.
- (3) To note that a fuller report will be taken to the next Audit and Governance Committee when all trial closure activities have been concluded and a dummy set of accounts produced.

### **Executive Summary:**

Satisfactory progress is being made with improvement activities as identified at the last Audit and Governance Committee, noting that further improvements have been identified as part of this approach.

### **Reasons for Proposed Decision:**

Decision is to note.

### **Other Options for Action:**

None

### **Report**

#### **Introduction**

The Conditional report issued by our external Auditors, Deloitte, on 6 September 2019 highlighted a number of weaknesses in arrangements for the preparation of the statement of accounts and supporting work papers. These weaknesses were due to a number of factors that have since been resolved as part of on-going improvement programme by the Finance Department.

A report was presented on 12<sup>th</sup> September to assure the Audit committee about

measures that have been taken to address these weaknesses and to share with the committee, what improvement measures are in place to ensure that these weaknesses are managed, to the extent that they do not occur again.

The Finance team is able to report that the improvement plan instituted by the Strategic Finance Director is progressing well. All the specific issues pertaining to the 2018/19 Financial Statement have been resolved with the external auditors and the general improvement that are required are being addressed.

1. Supporting working papers are now well documented and filed under dedicated folders. These folders provide a one point of call for all working papers and are accessible by all key staff and auditors. This will facilitate both internal and external review and challenge, and provide a resource to ensure institutional knowledge is properly organised and retained in the organisation.
2. A succession plan, based on knowledge share is being introduced across the finance department. This will ensure wider knowledge across the team. A cultural shift towards documentation of processes and procedures is also being introduced. This will ensure continuity within the finance team and minimise disruption should a member of staff leave us.
3. The bank mandates have now been updated to reflect turnover in key members of staff, and the correct contact information is documented with the investment managers. This has significantly reduced the risk of accounts being accessed by members of staff who have left, or the council being unable to execute banking or investment changes by an individual without the required authority. A regular review of this information will be conducted by the council to ensure that the relevant changes are updated on a timely basis.
4. New Accounting standards are being reviewed regularly to ensure compliance and update of our internal procedure.
5. Cash forecast for 2019/20 has been produced and updated on a monthly basis to the end of period 9. This will be monitored and updated accordingly at each month end.
6. Finance and Legal have agreed on the format of recording Rent to Mortgage (part disposal) -Shared Ownership of Council Dwellings. This will ensure proper Housekeeping and will form part of our internal procedures and processes.

**Resource Implications:**

No net additional spending, supported by redeployment of staff and alteration of priorities.

**Legal and Governance Implications:**

An approved set of accounts is a legal requirement.

**Safer, Cleaner and Greener Implications:**

None

**Consultation Undertaken:**

None

**Background Papers:**

None

**Risk Management:**

To minimise future delays in completing the accounts.