

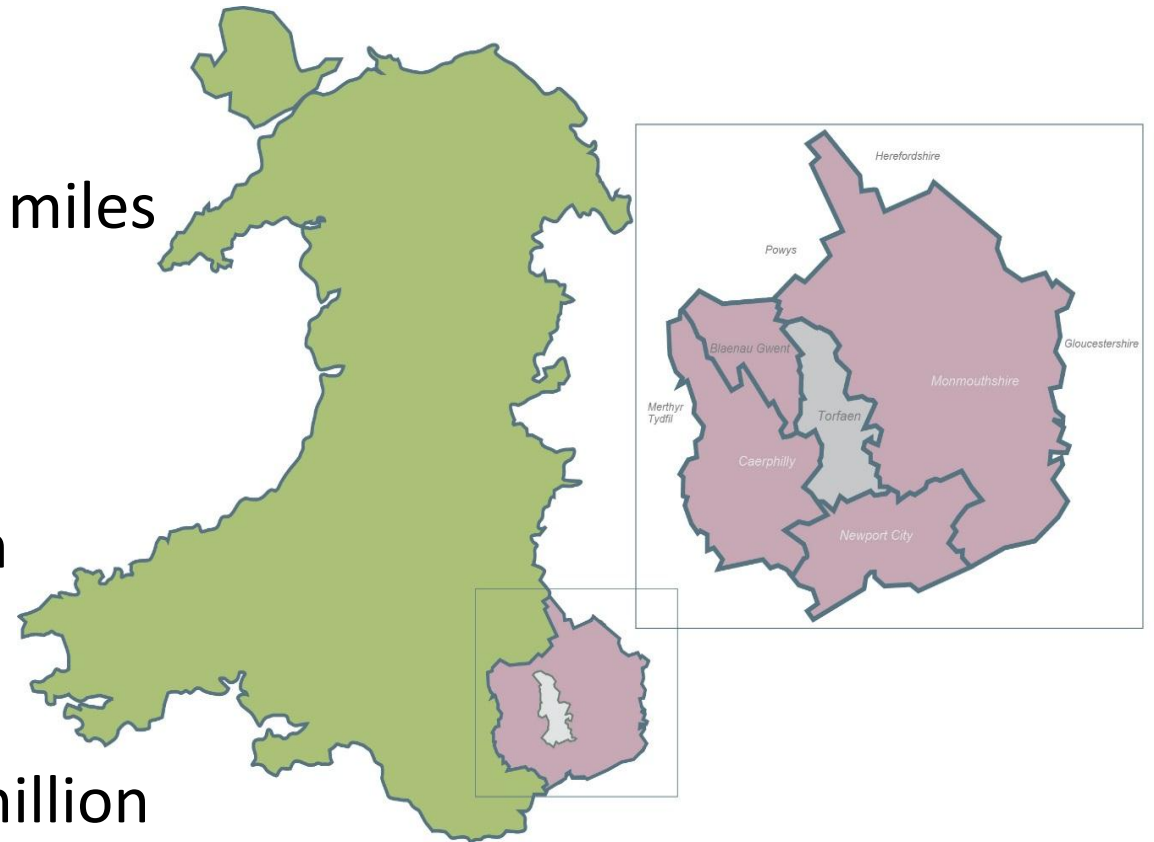
Faster Closure Shared Learning Seminar

Torfaen CBC's experience



Torfaen by numbers

- Geographically small - 13 miles by 5 miles
- 91,000 population
- 3,700 workforce
- Gross revenue 2014/15 £276 million
- Net revenue 2014/15 £169 million
- 2014/15 capital programme £18½ million
- Balance sheet PPE £336 million



Timeline

- Our performance

	Results reported to Cabinet	To Audit	Audited
2010/11	June 11	27 June 11	28 Sep 11
2013/14	June 14	26 June 14	24 Sep 14
2014/15	June 15	8 June 15	23 July 15

- No Council meetings in August

Culture of change

- Head of Financial Services desire to improve in-year & future-year support to the Council
 - If the private sector can do it why can't we?
 - Programme of change evolved / developed over time
- Inclusive
 - Discussions with team
 - Agreement to proceed, ∴ team enthused by the challenge
- Supportive
- People know what's expected
- Self challenging / changing
 - What can we do to improve our services?
- Solid foundations
 - Monthly monitoring - including balance sheet
 - Invested in developing and utilising GL & integrated modules
 - Integrated PO system, with automated accruals

Supporting the Council on its journey

- Vision
 - Early liaison and shared vision
 - Commitment to success
- Planning & Liaison
 - Planning the resourcing and delivery of the audit
 - Early liaison on key processes, e.g. AAG sign off
 - Agreement of officer availability and audit committee dates
- Delivery
 - Sharing of good practice from others e.g. Kent CC
 - Prompt raising and then resolution of audit issues
 - Managing expectations of officers and audit committee members

Processes

- Shared understanding
- Minimal Service Area input
 - Specialist teams & Resources staff only
 - valuers, construction teams
- Detailed timetable
 - Supporting guidance document with key dates
 - Some service areas use bespoke / cut down timetables
 - Schools
 - Closely monitored – with support where needed – treated as a project
- Tasks undertaken before 31st March –
 - accumulated absences posted mid March,
 - MRP, Disposals, Revaluations in early March.
- Constant communications / reminders of key global tasks
- Minimal estimations
- Decluttered Statement – partly, with more to do
- Early preparation of information

Systems

- Automated / integrated systems
 - Schools use corporate systems
- Timely control accounts
 - Monthly closures, including reviews of holding accounts & balance sheet
 - Prompt & tight control over bank reconciliation process & posting of entries
- Integrated asset system (new 2014/15)
 - Avoids double handling of data from asset register
- Minimal manual accrual journals by Service Areas
 - Process driven by system purchase orders & GRNs
- Balances rolled forward promptly within the GL

Relationships

- Actuary
 - Early engagement re new Code requirements (Main & Pension Fund)
 - IAS19 requirements agreed early
- Schools
 - Include LMS staff in closing discussions / meetings
- Valuers
 - Early engagement with clear requirements communicated
 - Face to face meetings
 - Valuer attends CIPFA events
- Other Local Authorities
 - Early engagement

Relationships - External Audit

- Joint vision
- Professional relationship
- Two way contract
 - Clearly understood requirements / timelines / queries
 - Agreed standard working paper structure / location – centralised storage
- On-going liaison throughout the year – monthly meetings
 - Discuss emerging issues / concerns early
 - Agreement of accounting issues early
- Interim Audit – clear coverage areas
 - Early substantive testing
 - Minimal duplication at main audit
- Other Audits (*4) run in parallel to main audit
 - 2* GT
 - 2* Other - same principles applied
- Closing review session – where can we improve?

External audit – what did we do?

- Workshop facilitation and discussions
- Early discussions around our proposed audit approach
- Managed expectations around increase in post audit adjustments
 - i.e. initial estimations that become clearer after draft accounts stage
- Timely agreement over emerging issues and late guidance
- Review of skeleton accounts at interim audit and 'de-cluttering' discussions
- Two phase working papers requirements listing
- Early audit work and testing at interim visit
 - Review of controls
 - Months 1-9 testing – journals, expenditure
 - Early housing benefits work

Benefits

- Earlier communication of confirmed £s to the Council;
- Audit process closer to accounts preparation.
- Working on two years not three;
 - Earlier / deeper examination of current year and projections
- Sense of achievement by team;
 - Allowed the team to jump off the “hamster’s wheel”
 - Created space
- Concentrate on forward looking analysis;

Summary

- Developed over a period of time;
- Nothing revolutionary;
- A team effort (LA & Auditor);
- Two way contract;
- Year end just another month end, even if a big one!
- 1st major step, but further scope to bring forward.

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