

MEMORANDUM

To: Chief Executive,
Executive Directors
Heads of Service
Budget holders
All staff involved in final accounts

From: Executive Director Finance & Resources

Date: 23rd February 2016

COMPLETION OF FINANCIAL ACCOUNTS 2015/16 – BROMSGROVE DISTRICT COUNCIL AND REDDITCH BOROUGH COUNCIL

I am writing to seek your co-operation and support in the closing of the financial accounts for the year ending 31st March 2016. The Accounts and Audit Regulations 2011 require that the Statement of Accounts be issued by the Council as soon as possible after the year-end and in any case no later than **30th June 2016**.

It is essential that the financial ledgers are closed by **15th April 2016**. I would therefore be grateful if you could ensure that your staff are made aware of the following arrangements and make every effort to meet the deadlines. Changes in legislation combined with accounting for shared services, and installations of new systems, continue to place additional pressures on the year end timetable this year.

By 2017/18, we will have to close the accounts a month earlier so we need to ensure that arrangements are in place to enable a faster closedown.

The dates indicated are the **final** dates by which various processes are to be completed and it would help to achieve these deadlines and ease peaks in workload if data could be provided as and when it is ready rather than held until the deadline.

The 2015/16 financial year ends on 31st March 2016.
The 2016/17 financial year starts on 1st April 2016.

The closedown process impacts on all Service areas, not just Financial Services. With this in mind your support will ensure that the Councils' deadlines are met. I appreciate that there is a lot of financial detail in this timetable and I would emphasise that full support will be given by Financial Services. You will find contact details for Financial Services staff at the end of this memo. If you have

any queries about the completion of any of the forms or content of this memo please speak to your accountant, or another member of the team.

IDENTIFICATION OF HERITAGE ASSETS

One of the recent changes in legislation requires the separate identification, valuation and disclosure of Heritage Assets. A number of potential items were identified and considered last year end but could you please still have a think about any assets within your service areas or items you are aware of that you think possibly meet the definition(s) outlined below. There may be new items compared to last year or the purpose for which they are being held may have changed. In 2014/15, RBC only had the Forge Mill and BDC did not have any heritage assets.

The overriding principle is the purpose for which items are held. An historic building in itself might not be a heritage asset if for example: it is used principally as an operational office building.

Definitions:

A tangible heritage asset is a tangible asset with historic, artistic, scientific, technological, geophysical or environmental qualities that is held and maintained principally for its contribution to knowledge and culture.

An intangible heritage asset is an intangible asset with cultural, environmental or historical significance. Examples of intangible heritage assets include recordings of significant historical events.

Please feel free to discuss this with your accountant and submit any ideas you may have to them.

REVENUE/CAPITAL OUTTURN 2015/16

Please review the February 2016 (Period 11) monitoring statements with your accountant to identify outstanding invoices/income/grants and any accounting transactions required. If possible, please raise debtors invoices and process creditor invoices well in advance of 31st March 2016 as this will minimise the workload for everyone at year end.

March monitoring statements will be sent in early April, as usual, with a further report, showing the draft outturn, distributed once the ledgers close (15th April). This will be the final chance for budget holders to review their financial position for 2015/16 and to provide any commentary required for the formal outturn report to members.

BUDGETARY CONTROL

Capital: For capital projects, it is important to identify whether underspends relate to genuine slippage on projects or are really retention amounts where the project

is substantially complete. It is important for retention to be provided for in the year in which a scheme relates. Please advise your accountant of any such monies.

Revenue: For revenue items, any approved transfer to reserves (approved by Members) will be processed in 15/16 allowing the funding to be drawn down to the appropriate area in 16/17. Please advise your accountant as soon as possible of any transfers needing Member approval.

CREDITOR PROCEDURES

Non-Purchase Order payment requests (e.g. legal or housing contracts), excluding utilities, must be received by Central Payments by **23rd March 2016** to enable payment before **31st March 2016**. Due to the heavy workload at year-end, any requests received after this date **will not** be processed in time to be included in 2015/16.

It is vitally important that all Eproc orders are GRN'd by 5pm on Thursday 31st March 2016 if the goods or services have been received. If they have not been received by this date, they will not be included in 2015/16.

Capital Expenditure (Work in Progress)

In cases where a capital project is incomplete you should obtain Valuation Certificates or invoices for the work completed to the end of 2015/16 in time to meet the deadlines so that appropriate costs can be charged to the 2015/16 financial year.

If you have any queries on the capital closedown process please contact your designated accountant in the first instance, **Zoe Martin(BDC) or Kayleigh Sterland-Smith(RBC)**.

Only goods and services received and work completed on or before 31st March 2016 can and MUST be charged to 2015/16. Goods or services received after that date will be charged to the new financial year 2015/16 irrespective of budget provision, order date or payment date.

The majority of year-end commitments (orders/invoices outstanding) will be derived from the Creditors System. Any legitimate expenditure items not identified through Creditors should be notified to your Finance Team for inclusion.

PAYMENTS IN ADVANCE

Any items of expenditure already paid for and included in the 2015/16 accounts for which goods or services will be received after 1st April 2016 need to be processed as a payment in advance to ensure the cost is removed from 2015/16 and charged to the 2016/17 (new) financial year.

Financial services in conjunction with budget holders have already identified some of the major payments in advance that span financial years. However, your assistance is needed to ensure all material expenditure is allocated to the correct

financial year as this is an area identified for improvement in previous audit letters for example: it is typical for many annual maintenance/support/licence/subscription charges to be paid in February/March for the forthcoming financial year. Please provide details of any such items to your accountant by **Thursday 31st March 2016.**

PETTY CASH

Guidance will be issued under separate cover to those officers with petty cash responsibilities. Certificates confirming amounts held by imprest holders will need to be returned to Financial Services by no later than **1st April 2016.**

GOVERNMENT PURCHASING CARDS (GPC)

Please use the first characters of the description field to indicate in which year the goods or services were/will be received i.e. on or before 31st March 2016 use 2015/16; 1st April 2016 onwards use 2016/17. Please follow this instruction for both March and April statements.

All GPC card-holders should have transactions up to 31st March coded by 12pm on **Friday 1st April 2016.** Users are reminded that transactions can be coded almost immediately after expenditure is incurred so it is not necessary to wait until this date. Proactive coding is always encouraged.

REVENUE DEBTORS

All bills relating to the 2015/16 accounts should be entered on the Cedar Debtors system **by 1pm on Thursday 31st March 2016.** Any credit note requests must be submitted to Financial Services **by 1pm on Thursday 31st March 2016.** The Debtors System will be unavailable for input after 1pm on 31st March 2016 and before 1pm on Friday 1st April 2016.

Please provide details of any old year items not actually billed by 1pm on 31st March 2016 to your accountant **by Friday 1st April 2016** for the income to be credited (accrued) to financial year 2015/16. Amounts should be **exclusive** of VAT. You are requested to keep details of any such outstanding debtor information submitted. A bill for those accrued items will then need to be raised in financial year 2016/17 in the normal manner and it is important to use the same financial code(s) as provided to your accountant for the accrual transaction.

Please liaise with your accountant if you have raised debtor invoices in 2015/16 for services that relate to both 2015/16 and 2016/17. Depending on the amounts involved it will be necessary to complete a "Receipts in advance" transaction to correctly apportion income to the correct financial year(s).

If possible, bills relating wholly to 2016/17 should not be entered on the Debtors System during March 2016.

CASH/OTHER INCOME (Cashiers/Customer Service Centre)

There may be occasions where the Councils receive income without raising a debtor invoice.

All income needs to be allocated to the correct financial year. If you receive income before 31st March 2016 for services you will provide in the new financial year (2016/17), please inform your accountant so this can be treated as a **Receipt in Advance**.

If you provide a service before 31st March 2016 but receive the income in the new financial year please inform your accountant about the income due. This will be processed as an Outstanding Debtor to ensure the appropriate income is credited to 2015/16 accounts.

It may help to identify any adjustments required for such income if throughout March and April 2016 you can advise the cashier(s) whether income relates to the old (2015/16) or the new (2016/17) financial year.

These details should be signed by an authorised signatory and forwarded to your accountant by **Friday 1st April 2016**. If you have any queries concerning how to treat any income please speak to your designated accountant.

GRANT INCOME

The Council has to follow strict guidelines in the way it accounts for grant income. It is imperative therefore that financial services have on file a copy of any accompanying paperwork that shows clearly the presence of any terms or conditions attached to the way the grant may be utilised. If you have not already done so please forward copies of grant paperwork to your accountant.

STOCK CERTIFICATES, PETTY CASH AND CASH FLOAT CERTIFICATES

All stock holdings, petty cash and cash float balances have to be certified as at 31st March 2016.

The following stock certificates are required for RBC:

- Franking Machines (CAOS)
- Depot Stores
- Depot Fuel
- Print Room Stocks
- Bar and Resaleable equipment (Palace Theatre & Sports Centres)
- Forge Mill Museum

The following stock certificates are required for BDC:

- Franking Machine & other
- Depot Stores
- Depot Fuel
- Lifeline
- WRS

Procedures regarding stock valuation certificates will be sent separately to relevant officers. **Please ensure that a stock take is scheduled to take place on or very close to 31st March 2016.**

Responsible officers will also be required to complete petty cash and cash float certificates as appropriate. Again these will be sent separately. All stock, petty cash and cash float certificates/details will need to be returned by no later than **1st April 2016.**

LEASES

Financial Services will require confirmation of all leases and lease obligations. Changes in legislation mean that we need to review any/all agreements that might indicate we are acting as either lessor or lessee.

A schedule will be distributed in the latter part of March 2016 which shows the current information held. Please check/amend/add to the schedule as appropriate and return a signed copy to Financial Services no later than **Friday 1st April 2016.** Please provide details for any additions as follows:-

1. Company Name
2. Item being leased
3. Start and end dates of the Contract
4. Contract reference number
5. Payment frequency
6. Amount payable at each payment date

Please ensure that you include details of any new lease obligations i.e. contracts that we have committed to even if the contract start date is after 31st March 2016.

If you are aware of any agreements in operation that you feel might constitute a lease, please provide sufficient detail so financial services can ensure a determination is made.

SUPPORT SERVICE RECHARGES

Designated accountants will discuss any requirements individually with budget managers.

ANY OTHER TRANSACTIONS/MATERIAL ITEMS/PROVISIONS

If you are aware of any other transactions or events that you feel may have an impact on the 2015/16 accounts (e.g. asset disposals, pending tribunals) please speak to your designated accountant, **Zoe Martin (BDC) or Kayleigh Sterland-Smith (RBC) Ext 3172.**

EVENTS AFTER 31st MARCH 2016

Events may occur between the Balance Sheet Date (31st March 2016) and the date the accounts are authorised for issue which might have a bearing upon the financial results of the past year.

Such events would include discovery of errors or fraud meaning figures in the accounts are wrong; a fire or other event adversely affecting the value of an asset; information materially affecting a debtor or creditor figure included in the accounts.

Should you become aware of any such event, please speak to Financial Services.

GENERAL

In order to ensure that information held in our accounts is correct, finance officers are able to input accruals journals at year-end in the absence of actual data. A limit of £500 has been set to maximise staff resource – if the total transaction is below that figure, no action will be taken. It is therefore of prime importance that officers are kept informed in a timely manner of items mentioned above.

I would be grateful for your assistance in the prompt closure of the 2015/16 accounts. If there are any problems or queries do not hesitate to contact your accountant in Financial Services who will be able to help you.

Jayne Pickering,
Executive Director Finance & Resources.

Please contact your usual Finance Officer if you need advice on Year-end:-

Financial Services Manager: **Sam Morgan – Ext 3790**

BDC

Zoe Martin - Ext 1643

RBC

Kayleigh Sterland-Smith - Ext 3172

Joint BDC & RBC

Kate Goldey	Ext 1208
Ian Sprott	Ext 3184
Tracy Bushell	Ext 1621
Bev Docherty	Ext 3003
Julie Hawkes	Ext 3856
Lisa Petford	Ext 3006
Joanne Greenway	Ext 2354
Bhavini Vadera	Ext 2340
Jordan Smith	Ext 2161

Relevant Actions for Services

Main Deadlines	RBC	BDC
	BY LATEST	BY LATEST
Orders/commitments (inc Capital)	31/03/16	31/03/16
RBC & BDC Eproc orders	31/03/16	31/03/16
Invoices to be processed by the Income Team sent in	29/03/16	29/03/16
Petty Cash reimbursements up to 31 March 2016	29/03/16	29/03/16
Stock Certificates/Petty Cash/Cash Floats Certificates returned to Financial Services	01/04/16	01/04/16
Cash paid in (cashiers/CSC)	01/04/16	01/04/16
Confirmation of/Changes to Lease Schedules – return info to Financial Services	01/04/16	01/04/16
GPC transactions coded	01/04/16	01/04/16
Final date for details of outstanding Debtor accruals/reserves to Financial Services	01/04/16	01/04/16
Final date for details of Receipts in Advance to Financial Services	01/04/16	01/04/16
Final date for details of Payments in Advance to Financial Services	01/04/16	01/04/16
Final date for details of Revenue and Capital Outstanding Creditor accruals/reserves to financial services	01/04/16	01/04/16
Near actual outturn Revenue/Capital including statutory entries for review by Financial Services Manager	15/04/16	15/04/16