

COUNCIL
17 MAY 2018**REPORTS OF COMMITTEES****(a) SUMMARY OF DECISIONS TAKEN BY THE AUDIT AND GOVERNANCE COMMITTEE**

Final Accounts 2016/17 – Lessons Learned Update Report

1. A number of actions were identified in the previous Lessons Learned report to the Committee in December 2017, some of which were already in place in preparation for the 2017/18 final accounts process. This included ensuring that the experienced Finance Manager resumed the role of being the named point of contact with External Audit, taking responsibility for coordinating all queries as they arise. The External Auditors at that time noted that the action plan was very demanding and the Council was also faced with the added pressure of producing the 2017/18 accounts using the new ledger for the first time within a compressed timescale.
2. The last report acknowledged that there were many lessons to be learned from the finalisation of the accounts process for 2016/17. Whilst the experienced in house team are in place and there is an increased level of scrutiny and governance at finance leadership team, the main challenge will be the ability to ensure the necessary reports are available from the new financial system within the timeframe required.
3. Overall, the interim audit work has gone well and to plan. There have been examples where improvements to the information provided to the external auditors can be made, and this is being addressed through training and a continued focus on quality assurance.
4. The Council is currently reproducing the 2016/17 key financial statements and as a result have identified some process improvements for extracting the information from e5 (the financial system). This includes specifying and scoping additional reports from both the payroll and financial system. Some data quality improvements have been identified and are being addressing. There is continuing work to review the output from Liberata from their year-end dry run for both reporting and process.
5. The Committee has noted the Lessons Learned update report and the review of the technical accounting policies. The Committee has agreed that the Chairman and Vice Chairman of the Committee be provided with regular updates on any issues that may arise with the closing of the 2017/18 accounts.

HR/Finance Systems Implementation – Lessons Learned Report

6. The Committee requested a report on the governance arrangements associated

with the commissioning of the HR/Payroll system in particular its past and future impact on the Audit of Accounts process.

7. The closing of the accounts to an earlier timescale, with a new financial system was noted as particularly challenging. Work is currently taking place with Liberata to ensure that year end reporting is available for the closure of accounts process. Assurance work is being carried out by internal audit and by Liberata's auditors and is due to be reported in time for the final accounts completion.

8. There are lessons to be learned from the implementation of the new HR/Finance system. The key messages include issues around engagement of key stakeholders, particularly schools. The improvement board and the contract management board actively manage the contract and activities. In addition, regular operational meetings take place between Council and Liberata staff. This includes specific meetings around closure of accounts issues.

9. The Committee has noted the governance arrangements associated with the HR/Finance systems implementation. The Committee has requested that a further report be brought to the Committee meeting on 26 July 2018 to include: summary details including categorisation of any under/overpayments since go live; the number and type of wider issues (including complaints) raised by Council and School employees to understand the proportionality of the issues experienced; and a copy of the audit report provided to the external auditor.

External Audit Plans – Worcestershire County Council and Worcestershire County Pension Fund

10. John Gregory, Director and Helen Lillington, Audit Manager presented the external audit plan for Worcestershire County Council and Worcestershire County Pension Fund to the Committee on behalf of Grant Thornton, the Council's external auditor. The Committee has noted the external audit plan for Worcestershire County Council and Worcestershire County Pension Fund.

External Audit Plan – Informing the Audit Risk Assessment for Worcestershire County Council and Pension Fund

11. John Gregory, Director and Helen Lillington, Audit Manager presented an external audit report - Informing the audit risk assessment for Worcestershire County Council and Pension Fund to the Committee on behalf of Grant Thornton, the Council's external auditor. The Committee has noted the external audit report.

Internal Audit Progress Report 1 November to 31 January 2018

12. The Committee has noted the Internal Audit Progress Report for the period 1 November to 31 January 2018. The Committee has requested that the findings of the audit review of the lessons learned report into the Evesham Abbey Bridge project be reported to the next meeting of the Committee.

Work Programme

13. The Committee has noted its future work programme.

**Mr N Desmond
Chairman**

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Background Papers

In the opinion of the proper officer (in this case the Head of Legal and Democratic Services) the following are the background papers relating to the subject matter of this report:

Agenda papers for the meeting of the Audit and Governance Committee held on 16 March 2018.