



TODMORDEN TOWN COUNCIL

REPORT TO THE RESOURCES COMMITTEE

REPORT AUTHOR	Colin Hill – Town Clerk and Responsible Financial Officer
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Date	16th February 2022
SUBJECT	Year End Accounts Close Down and Financial Handover

PURPOSE:

1. To inform Members of the proposed year end accounts closing procedure, as indicated in Appendix 1, and to note that this is a very tight timetable.
2. To inform members that year-end adjustments will cover if any :
 - Creditor and debtor adjustments
 - Accruals and any prepayments
 - Journal adjustments
3. To inform Members that a cash reconciliation, petty cash check and vat check will be carried out in the presence of a Member of the Resources Committee.
4. To inform Members that because of the increasing level of turnover and need to defray Town Deal Funds in connection with our role as Sponsor for the Centre Vale Project , we will in 2022/23 upgrade from the Rialtas Alpha accounting system to Omega accounting system including the ability to then issue purchase orders and invoices.
5. To inform Members that because of the agreed date for internal audit it will be necessary to bring to the Annual Council meeting on the 11th May 2022 the Annual Governance and Accountability Return 2021/22 for signature by the Mayor (Chairman) once all annual meeting formalities have been completed.
6. To provide an outline to Members of the proposed process for handover of financial responsibilities to the incoming Town Clerk/Responsible Financial Office as indicated in Appendix 2.

RECOMMENDATIONS

7. That Members note the proposed year-end procedures for close down of accounts.
8. That a report be brought to the May 4th 2022 meeting of the Resources Committee outlining key movements made during 2021/22 and start of year budgets for 2022/23 established on the financial system.
9. That Members note the proposed arrangements for financial handover.

REASONS FOR RECOMMENDATION

10. To provide a structured approach to year end close-down procedures.
11. To provide the opportunity for Members to consider retrospectively significant financial changes from start of year budgets to end of year outturn.

SUMMARY OF KEY POINTS

12. To ensure that all aspects are considered, a formal procedure is required to ensure that all of the necessary pre-end of year work is carried out to ensure a smooth transition into the new financial year, thereby enabling early production of figures for Members to consider.
13. Accounting principles of conservatism are applied in relation to:
 - Income received already relating to the next financial year are not accounted for until the purpose has been fulfilled, for example the need to return income if events were cancelled.
 - Expenditure made already for future purposes will still have been made even if for example, a future event was cancelled.
14. The proposed timetable is tight, but it is important that we have a clear understanding of our year-end position at the earliest opportunity.
15. We are not in control of when the internal and external auditors produce their report but will press for early production.
16. The substantive change in turnover during 2021/22 to now continue into 2022/23 requires a more robust financial system to take into account the need to issue purchase orders and in doing so track commitments and also to provide assurance to contractors of legal commitment to pay.

FINANCIAL IMPLICATIONS AND BUDGET PROVISION

17. The cash balances held as at 31st March 2022 may not be the same as the true position, reflecting the fact that we may have income and expenditure that will need to be posted into the correct financial years.
18. A cash reconciliation will be provided for Members to satisfy themselves of the accuracy of these figures and for the Chairman of the Council to sign off the Annual Governance Statement as usual.

19. A revised budget, considering year end movements and up to date forecasts, will be provided for Member's deliberations at the first meeting of the new financial year.

POLICY IMPLICATIONS:

20. The Council is required to submit an annual return of its financial affairs.

DETAILS OF CONSULTATION:

21. None

BACKGROUND PAPERS

Appendix 1. Year End Accounts Timetable

Appendix 2 Handover of financial responsibilities.

FURTHER INFORMATION PLEASE CONTACT: Colin Hill