



TODMORDEN TOWN COUNCIL

REPORT TO THE RESOURCES COMMITTEE

REPORT AUTHOR	Colin Hill – Town Clerk and Responsible Financial Officer
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Date	24th February 2021
SUBJECT	Year End Accounts Close Down

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:
 - Creditor and debtor adjustments
 - Accruals and any prepayments
 - Journal adjustments
3. To ask Members to note that this will more accurately reflect the Council's physical year end cash balances for future use.
4. To inform Members that because of the agreed date for internal audit it will be necessary to bring to the Annual Council meeting the Annual Governance and Accountability Return 2020/21 for signature by the Mayor (Chairman) one all annual meeting formalities have been completed.

RECOMMENDATIONS

5. That Members note the proposed year-end procedures.
6. That once year-end figures have been determined, any potential request for carry over of uncommitted expenditure should pending formal closure, be formally confirmed at the next meeting of this Committee.
7. That a report be brought to the May/June meeting outlining key movements during the year.

REASONS FOR RECOMMENDATION

8. To provide a structured approach to year end close-down procedures.
9. To provide the opportunity for Members to confirm carry-over of underspent budget from 2020/21, taking account of the overall budget requirement for 2021/22, and the approved level of Earmarked Reserves and General reserves as at 31st March 2021, once year-end accounting adjustments have been made.

SUMMARY OF KEY POINTS

10. 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.
11. 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.
12. The proposed timetable is tight, but it is important that we have a clear understanding of our year-end position at the earliest opportunity.
13. We are not in control of when the internal and external auditors produce their report but will press for early production.

FINANCIAL IMPLICATIONS AND BUDGET PROVISION

14. The cash balances held as at 31st March 2021 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.
15. 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.
16. A revised budget, considering year end movements and up to date forecasts, will be provided for Members deliberations.

POLICY IMPLICATIONS:

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

DETAILS OF CONSULTATION:

18. None

BACKGROUND PAPERS

Appendix 1. Year End Accounts Timetable

FURTHER INFORMATION PLEASE CONTACT: Colin Hill