2023/24 Final Accounts Closedown

West Sussex County Council (WSCC)

Project Management Handbook

1. Background & Overview

This Project Management Handbook has been prepared in recognition of the importance to the organisation of achieving an unqualified set of financial statements in accordance with legislative deadlines, for the assurance this gives:

- In providing a reliable foundation for decision-making and planning
- In ensuring that reputation of the public organisation is not brought into disrepute
- In ensuring key processes are identified and adhered to.

The legislative timetable for accounts production requires that draft accounts are published by 31 May annually, with audited accounts to be approved by 30 September. According to analysis prepared by LG Improve, West Sussex County Council was in the 30% of local authorities which achieved the draft accounts publication deadline for 2022/23. Despite this, the Authority has suffered from the widespread issues in the audit market, and its 2022/23 financial statements have yet to be subject to an external audit (a Value for Money audit has been undertaken). A report by the Levelling Up, Housing and Communities Committee published in November 2023 confirmed that only 1% of audited local authority accounts were published by the September deadline.

On 8 February 2024 DLUHC launched a consultation on various measures to address the audit backlog. Included in these proposals are a series of potential backstop dates, after which any outstanding audits would be closed with a qualification or disclaimer. The proposed backstop date for 2022/23 audits is 30 September 2024, and for 2023/24 audits is 31 May 2025. Further backstop dates are then proposed through to 2027/28 inclusive, to align with the latest auditor appointment cycle.

Subject to the finalisation of the DLUHC measures, EY have indicated that the Authority's 2022/23 accounts are likely to be subject to a disclaimed audit opinion (i.e. no substantive audit procedures are undertaken). It is noted that any attempt to undertake the 2022/23 audit alongside the production and subsequent audit of the 2023/24 accounts would bring significant resourcing issues for both EY and the Authority. However, failure to audit the 2022/23 accounts may undermine the assurance that can be placed on these accounts, and will create practical challenges for the 2023/24 audit and beyond in respect of reliance on opening balances and prior year comparators.

This handbook and underlying project plan have been prepared to facilitate the production of draft 2023/24 accounts by the May deadline. Whilst this was achieved last year, this was extremely challenging, and there are further complexities to consider this year in relation to the potential requirement for group accounts following activity in the Authority's property joint venture, Kinsted Developments. Additionally, CIPFA has indicated an intention to consult on some potential changes to the 2023/24 Code of Practice which could impact, at very short notice, on the Authority's accounting policies and practices. These and other risks and associated dependencies are detailed more fully in sections 10 and 3 respectively.

EY have advised that their audit of the 2023/24 financial statements will commence on 24 June. Therefore, irrespective of the proposed May 2025 backstop which is subject to consultation, this handbook has been prepared on the basis of publishing approved audited accounts by September 2024, in accordance with the current legislative deadline. EY have also indicated their intention to undertake an interim audit commencing in March 2024.

2. Success Criteria

A number of success criteria have been identified if the assurances set out at the start of this handbook are to be achieved:

- Complete draft Statement of Accounts available for internal senior management QA by 24 May
- Draft accounts certified by Chief Finance Officer (CFO) by 31 May for publication on WSCC website and submission for external audit
- Complete set of compliant working papers to be made available to external auditors, EY, by 21 June, to facilitate commencement of financial statements audit the following week
- External audit to be substantively concluded by 23 August (including agreement of audit adjustments)
- CFO authorises despatch of audited Statement of Accounts to Regulation, Audit and Accounts Committee (RAAC) by 16 September
- EY despatches final Audit Results Report to RAAC by 16 September
- RAAC approves financial statements at its meeting of 25 September
- EY to provide an unqualified audit opinion and audit certificate following September meeting of RAAC (audit certificate is subject to resolution of Whole of Government Accounts and any objections raised by local electors)
- Audited accounts to be published on the WSCC website by 30 September legislative deadline
- Audit completed within advised fee scale (see section 7)
- RAAC and EY feedback endorses that the accounts have been closed effectively.

Note that the approval and publication of audited accounts by the end of September reflects the current legislative requirements and EY's proposed scheduling of the start of the audit – however, EY have not committed to concluding their audit by September and, subject to the outcome of the live DLUHC consultation (see section 1), the ultimate backstop for the audit of the 2023/24 accounts is proposed to be 31 May 2025.

3. Dependencies & Stakeholder Analysis

The achievement of the success criteria identified above is dependent on a number of stakeholders outside of the core project team (see sections 4 and 6). These stakeholders are identified below:

- **Billing Authorities (Collection Funds)** – as a precepting authority, the Council is required by the CIPFA Code of Practice on Local Authority Accounting ('the Code') to consolidate the Council Tax and Business Rates Collection Funds of each of its billing authorities into its financial statements. Billing authorities typically work to DLUHC's submission deadline for the annual NNDR3 return for the provision of this information which, for 2023/24, is scheduled to be 30 April 2024. This impacts various aspects of the financial statements, including debtors, creditors, financial instruments, unusable reserves, provisions and each of the core statements. It is therefore vital that billing authorities supply the required information by this date if the Council is to meet the legislative deadline for the publication of draft accounts.
- **Bruton Knowles (Property Valuations) –** the capital accounts are largely dependent on the certificates provided by our external valuers as part of the rolling revaluation programme. Bruton were instructed to provide draft valuation certificates to Corporate Finance by 16 February; however, this has been subject to delay. Corporate Finance continues to work through Valuation and Estates Management (as contract owners) to escalate this issue and establish a revised delivery timescale. The timely provision of these valuations to allow for thorough quality assurance by both Property and Finance professionals has been identified as a significant risk to the project's success in section 10. Given the external audit focus in this area over recent years, it is imperative that officers both within Valuation and Estates Management and Finance have the opportunity

to thoroughly review the output from Bruton Knowles. A final valuation report is due to be delivered by 19 April.

- **Members/Senior Officers (Related Party Transactions)** – the Authority surveys its Members and Senior Officers in the spring to identify any related party transactions during the financial year. The deadline for responses this year will be 26 April. For the purposes of this survey, senior officers shall be defined as direct reports to the Chief Executive, and any other officers undertaking statutory roles (as is consistent with the senior officer remuneration disclosure).
- **Schools (Bank Reconciliations)** – as part of school banking arrangements, transactions that are initiated locally by schools are routinely 'swept' into the County Fund for cash flow purposes and to ensure that all activity is captured in the consolidated WSCC accounts. In order to reconcile its overall bank position, WSCC therefore requires each of its maintained schools to submit an individual bank reconciliation at year-end. For 2023/24, the deadline for schools to submit their reconciliations is 19 April (the end of the first week back after the Easter holidays).
- **Hymans Robertson (IAS 19 Reports)** – these reports, issued by the Pension Fund actuary, analyse the performance of the West Sussex Local Government and Firefighters' Pension Schemes. The detail in these reports informs the pension disclosure notes, and also impacts on all four core financial statements. These reports are anticipated to be delivered no later than 19 April.
- **EY –** the timely conclusion of the audit is dependent, amongst other things, upon the allocation of sufficient resource by EY. This is a challenge for EY (and the other audit firms) due to competing demands – all local government audits need to be scheduled during the same window – and a limited supply of suitably qualified staff (a consequence in part of dramatically reduced audit scale fees over the past decade, which is now being addressed – see section 7). Additionally, in recent years the local audit team has increasingly relied on central specialists ('EY Real Estates') to gain assurance over the property valuations undertaken by the Council's valuer, which has proven to be a further bottleneck due to limited resources in this area. The compound effect of years of delays in the legislative timetable, and increased regulatory requirements, means that West Sussex (and a vast majority of other local authorities) has yet to receive a financial statements audit for 2022/23, and may ultimately result in the audit being disclaimed. In theory such measures are intended to enable audit firms to get 'back-on-track' for 2023/24, but delays in audit planning, the absence of interim visits and the need to gain assurances over opening balances which have not been subject to audit mean that, in reality, the ability for audits to be concluded by the September deadline is under some doubt. This has been recognised by DLUHC in their current consultation which proposes a backstop date of 31 May 2025 for 2023/24 audits. Locally, a further risk to the timely conclusion of the audit are changes to the audit team; the Council has been assigned a new Partner and Senior Manager for its 2023/24 audit.
- **CIPFA –** CIPFA releases various publications annually, which provide a mixture of instruction and guidance as to how a local authority should present its annual accounts. Two such publications – the 2023/24 Closedown Bulletin and 2024/25 Code of Practice – are expected to be published by the end of April. The former will provide topical guidance on the latest issues concerning local authority practitioners. The latter, whilst primarily relating to 2024/25, typically includes an appendix which specifically identifies the accounting standards taking effect in future years but requiring disclosure in 2023/24. Both documents are therefore critical to the preparation of 2023/24 accounts, and so their timely publication is a dependency for achieving the legislative timetable. Furthermore, CIPFA is due to consult on temporary changes to the 2023/24 Code of Practice as part of the measures to get local authority audits back on track, which is expected to include simplifying the revaluation requirements for operational property and reducing the disclosure requirements for pension fund assets and liabilities. Clearly it is very late in the financial year to be introducing any such changes, particularly given that in many instances (for example in relation to property and pension valuations), instructions have already been provided to external partners to undertake work, in some cases many months ago. The scope to adopt any voluntary measures proposed by CIPFA to ease the burden in the current financial year may therefore be limited.

- **Treasury (Whole of Government Accounts)** – as part of their audit procedures, EY reviews the Council's 'Whole of Government Accounts' (WGA) submission to HM Treasury (subject to audit thresholds). EY cannot issue its certificate to formally conclude the annual audit until this WGA work is complete. Typically production of the WGA is timetabled to run alongside the main financial statements, but this has been subject to significant delay since 2020/21 – initially a fallout from HMT's implementation of the OSCAR II system the previous year, but subsequently tied into the wider delays in local authority audits. Most recently, the Council's 'cycle 1' (draft) WGA for 2022/23 was submitted in December 2023 – Treasury has advised that the 'cycle 2' (final) submission cannot be made until the audit of the financial statements is resolved. Treasury have recently announced the timescales for the 2023/24 WGA, with the final 'cycle 2' deadline advised as 13 September. This highlights an interdependency, insofar that the WGA cannot be finalised until the audit is concluded, and the audit cannot be concluded until the WGA is finalised. However, it is emphasised that the impact is limited to the issuance of the audit certificate, and should not affect the audit opinion and publication of audited financial statements.
- **Financial Planning (Performance and Resources Report)** – the Performance and Resources Report (PRR) confirms the outturn position, including any approved carry forwards. These management accounts are the foundation from which the financial statements are built; as such, large aspects of the Statement of Accounts cannot be progressed until the management accounts are finalised. The Outturn PRR will be considered by the Executive Leadership Team (ELT) on 16 May and at the Cabinet Briefing on 28 May, before being formally scrutinised at Performance and Finance Scrutiny Committee on 21 June and approved at Public Cabinet on 25 June.
- **Human Resources Management Information –** the team provides two reports by the end of April each year which are crucial to the preparation of the financial statements. An establishment report is used to calculate the accumulated absences accrual required by the Code in accordance with IAS 19. Additionally, the 'bandings' report identifies the number of officers with remuneration in excess of £50,000 in bands of £5,000 for disclosure in the financial statements. This is in addition to monthly 'gross-to-net' payroll files supplied throughout the year which form part of the audit working paper file.
- **NHS –** the Council has entered into a pooled budget arrangement with the National Health Services for the provision of mental health services, for which the NHS acts as host. The Council is required to disclose in its accounts the consolidated income and expenditure of the pooled budget, and as host the NHS is responsible for providing this information. The Authority is therefore dependent on the NHS closing its accounts and supplying this disclosure in a timely manner.

4. Roles & Responsibilities and Project Organisation

- Taryn Eves (Director of Finance and Support Services), as s151 officer, will be the **project owner** who will certify the accounts presented to the Regulation, Audit and Accounts Committee. Taryn will be responsible and accountable for ensuring the project is resourced and prioritised in order to achieve the success criteria as defined in section 2 above. Taryn is due to leave the organisation in May 2024 and it is anticipated that an interim will be appointed who will inherit ownership of this project.
- Vicky Chuter, as Financial Reporting Manager, will be the **project manager** and will oversee the preparation of the WSCC accounts on behalf of the project owner. Vicky will be responsible for delivering the accounts and monitoring the progress of the project team against the agreed project plan.

  Other key personnel in the **project team** include:

- Sean McEwan, Finance Manager (Financial Control), will be responsible for managing the project team with responsibility for day-to-day project control and ensuring technical compliance with CIPFA's Code of Practice.

5. Project Plan Milestones

Corporate Finance has prepared a detailed Project Plan, which details in excess of 400 component tasks of preparing the Statement of Accounts. Each task has a responsible officer, due date, and identified dependencies. The project plan is the primary control document for the closedown process, and progress against the plan will be reviewed on a weekly basis by the Project Manager. The key milestones from this project plan are identified in the table below. For planning purposes, it has been assumed that the audit will be concluded by September so that audited accounts can be approved at the September meeting of RAAC and published by the current legislative deadline at the end of the month. However, EY have not committed to this timescale, and it is noted that the recent DLUHC consultation (see section 1) proposes a backstop date of 31 May 2025 for 2023/24 audit opinions.

Task	Due date	Lead
Letter of instruction issued to property valuers	27 October 2023	SMc
Bruton Knowles provide draft property valuation certificates for Corporate Finance review	16 February 2024 (delayed – see section 3)	VEM
RAAC considers accounting policies (which may change subject to 2023/24 CIPFA Code of Practice consultation) and handbook	11 March 2024	DEM
Closedown timetable and guidance issued to practitioners	15 March 2024	SMc
Planned commencement of interim audit	March 2024	EY
Service & consolidated capital monitors submitted for Outturn Performance & Resources Report (PRR)	17 April 2024	SFBP/ FPM
Outturn management accounts finalised	19 April 2024	FPM
Deadline for submission of school bank reconciliations	19 April 2024	SFS
Bruton Knowles provide final valuation report	19 April 2024	VEM
Anticipated receipt of IAS19 pensions actuary reports	19 April 2024	WSPF
Member & Senior Officer Related Party survey deadline	26 April 2024	DEM
Anticipated receipt of HR establishment & bandings reports	30 April 2024	HR
CIPFA 2023/24 Closedown Bulletin and 2024/25 Code of Practice due to be published	30 April 2024	CIPFA
Council Tax and Business Rates outturn collection funds required from billing authorities	30 April 2024	VC
Fixed Asset Register "lockdown"	3 May 2024	SMc
Fixed Asset QA complete – disclosures handed over for financial statements	10 May 2024	SMc
Handover of financial instrument disclosures	10 May 2024	VC
Senior Officer Remuneration disclosure available for review by Finance and HR Directors	14 May 2024	VC
Executive Leadership Team considers Outturn PRR	16 May 2024	FPM
Ledger closed – no further transactions	17 May 2024	SMc
Complete draft Statement of Accounts (SoA) available for senior management QA	24 May 2024	SMc
Cabinet Briefing considers Outturn PRR	28 May 2024	DEM
CFO certifies draft SoA for publication on WSCC website & submission to EY	31 May 2024	tbc
Start of accounts inspection period	3 June 2024	VC
Outturn PRR scrutinised by Performance & Finance Scrutiny Committee	21 June 2024	DEM
Finalisation of audit working paper file	21 June 2024	SMc
Commencement of County financial statements audit (TBC)	24 June 2024	EY
Outturn PRR approved by Public Cabinet	25 June 2024	DEM
RAAC meeting - EY Audit Plan (TBC)	8 July 2024	VC/EY
End of accounts inspection period	12 July 2024	VC

Task	Due date	Lead
RAAC Member Briefing – walkthrough draft financial statements	July 2024TBC	DEM
Submission of ‘Cycle 1’ draft Whole of Government Accounts	16 August 2024	SMc
Anticipated conclusion of financial statements audit – schedule of audit adjustments agreed with EY	23 August 2024	EY
Submission of ‘Cycle 2’ final Whole of Government Accounts	13 September 2024	SMc
CFO authorises audited SoA for RAAC despatch	16 September 2024	TE
EY despatches final Audit Results Report to RAAC	16 September 2024	EY
RAAC approves audited SoA	25 September 2024 TBC	DEM
EY provides audit opinion	Late September TBC	EY
Audited SoA published on website	30 September 2024	SMc

Leads: **DEM** Democratic Services; **EY** External Auditors; **FPM** Financial Planning Manager; **HR** WSCC Human Resources; **SFBP** Strategic Finance Business Partners; **SFS** Schools Financial Services; **SMc** Sean McEwan; **TE** Taryn Eves; **VC** Vicky Chuter; **VEM** Valuation & Estates Management; **WSPF** West Sussex Pension Fund

6. Human Resource Requirements

The Project Team primarily comprises Financial Control, led by Sean McEwan (Finance Manager). Elements of the accounts preparation process are scattered throughout the year for the five-person team, but the resource requirement can roughly be quantified as 3fte for three intensive months, equating to approximately 1,400 hours. However, the total resource requirement is likely to be far in excess of this figure. Within Corporate Finance, there are significant inputs outside of Financial Control, particularly from the Treasury Management, Banking & Income and Capital Finance functions. There is also significant input from the Financial Reporting Manager as Project Manager. Strategic Finance also has a fundamental role in the process, particularly during April when the management accounts are closed and subsequently in the provision of supporting working papers. There is also a substantial demand on all of the above teams throughout the audit period. Finally, there are numerous inputs from outside the Finance function, as illustrated by the dependencies identified in section 3.

7. Other Budget Requirements

The audit scale fee, as determined by Public Sector Audit Appointments Ltd (PSAA) for opted-in bodies, has been notified as £304,071 for 2023/24. This is the first year of a new five-year appointment cycle, and represents a significant increase on the 2022/23 scale fee (£102,442). This is due in part to the rolling in of recurring fee variations (£18,702), but is primarily due to an 151% uplift applied nationally reflecting increased market rates in the PSAA procurement. Whilst some recurring fee variations have been rolled into the scale fee, it is anticipated that additional fees may still be chargeable for the 2023/24 audit – the most recent fee variation agreed by the PSAA, relating to the 2021/22 audit, was for £70,442. Based on the outcome of the DLUHC proposals to address the audit backlog (see section 1), some of the 2022/23 audit scale fee already invoiced by EY may be refundable to the extent that work has not been undertaken.

The Authority adopts a rolling approach to its valuation of property assets. As part of this on-going programme, approximately 290 valuations are expected to be commissioned from our external valuers, Bruton Knowles, during the 2023/24 closedown process, at a cost of c£27,500.

The Council has also instructed its Pension Fund actuary, Hymans Robertson, to provide reports revaluing the LGPS and Firefighter’s Pension Scheme assets and liabilities in accordance with the requirements of IAS 19. For the LGPS, the cost of this exercise in 2023/24 has yet to be advised by the scheme administrator, but is estimated to be in the region of £6,500 based on prior year costs (this provides for an estimated eight bulk academy transfers, calculation of the asset ceiling, and the Council's share of costs recharged by the Fund for work undertaken by the actuary to support EY's assurance work). For Fire, the actuary has advised that the cost of the works for 2023/24 based on their recommended roll-forward approach will be £5,875.

8. Project Control & Quality Assurance

A number of controls will be put in place to ensure that the project is completed to deadline and to a high quality:

- Weekly monitoring of progress against the project plan by the Project Manager
- Project Manager to feed back to Finance Director (Project Owner) and Deputy Chief Finance Officer (who is joining the Council on 11 March 2024) on a weekly basis, with focus on milestones as identified in section 5 and risks as identified in section 10 and Annex A
- Draft accounts to be finalised by 24 May to enable an overall review of the complete document (to include an internal consistency review) by the Project Manager and other senior officers prior to certification. This will be in addition to the technical review of individual components of the accounts as they are prepared
- Electronic working papers to be produced in accordance with the protocol to be agreed with EY
- All balances to be reconciled against SAP.

9. Communications Plan

A communications plan has been established to liaise with two key stakeholders, RAAC and EY, throughout the closedown process:

With RAAC
- 11 March – sign-off Accounting Policies (subject to any changes required from the outcome of the 2023/24 CIPFA Code of Practice consultation) and Project Management Handbook. EY to present a high level planning report for both 2022/23 and 2023/24
- 8 July – EY to present their Audit Plan to Committee (TBC)
- July TBC – briefing session to walkthrough draft financial statements (subject to the timing of the audit by EY)
- 25 September – approve audited accounts and consider Audit Results Report and Auditor's Annual Report (subject to EY's confirmation of audit scheduling)

With EY
Ordinarily, a communications plan would be agreed with EY, to include items such as the following:

- Regular meetings throughout interim audit
- Check-ins as necessary during financial statements production
- Pre-audit liaison meeting
- Weekly liaison meeting throughout financial statements audit
- Reporting of Audit Plan, Audit Results Report and Annual Auditors' Report to Committee.

However, at the time of writing EY has been able to engage in only limited conversations regarding the 2023/24 audit, pending confirmation of measures by DLUHC to address the national audit backlog and EY's focus on prioritising catch-up with other clients in the interim. The outcome of DLUHC's live consultation, which is due to close to 7 March, and EY's high-level audit plan which is expected to be presented to Committee alongside this handbook will facilitate more detailed scheduling and a communications plan to be developed in the coming weeks.

10. Risk Analysis

A number of risks to the achievement of the success criteria as specified in section 2 have been identified:

- Auditor resources, both locally and centrally, are a risk to the timely conclusion of the audit and publication of audited accounts by the end of September. Issues in the audit market nationally mean that the vast majority of local authority audits (including for West Sussex) for 2022/23 have yet to be undertaken, and (subject to confirmation of the DLUHC consultation outcomes – see section 1) may never be. Increased regulatory requirements are also sighted as a contributory factor to delays in audit completions being experienced nationally. Much of the demand on local government and NHS audit teams is condensed into the same short window, and this bottleneck has been exacerbated in recent years by the reliance of local audit teams on central specialists (in our case, EY Real Estates) who may be commissioned by dozens of clients concurrently. Locally, the risk of delays may be compounded by changes at a senior level (Audit Partner and Senior Manager) to the audit team. It is recognised that new relationships will need to be developed and preferred ways of working established. There is also the prospect that through professional judgement new audit seniors may challenge established WSCC practices which have been acceptable to their colleagues previously, which could ultimately lead to prior period adjustments. The risk of delay to the conclusion of the 2023/24 audit would be further aggravated by the absence of an interim audit, putting additional pressure on the financial statements audit in areas such as the substantive testing of income and expenditure. However, the proposed scheduling of an interim audit in March coincides with the closedown timetable and risks the timely production of the accounts. EY have however indicated their intention to commence their financial statements audit in June, which increases the prospect of the current September legislative deadline being achieved. The risk of reputational impact from missing the legislative deadline is further mitigated by the extension which would effectively be provided by the proposed May 2025 backstop date which is being consulted upon by DLUHC. However, delays in the conclusion of the audit also limits the timeliness of information and the assurance that can be placed upon it to inform decision making, and creates further resourcing issues by distracting officers from their responsibilities at other times of the financial year (budget monitoring, budget setting etc).

- There is a significant risk that the 31 May legislative deadline for draft accounts may not be achieved. Specific risk factors (such as the availability of external inputs and additional reporting requirements) are considered separately below, but from a general resourcing perspective, this deadline is extremely challenging. Whilst considered unlikely, any attempt by EY to undertake the outstanding 2022/23 financial statements audit during the preparation window for the 2023/24 accounts would place further significant strain on internal resources. There is a small core team responsible for the production of the accounts, and due to the expertise involved and the inter-dependency of tasks, it is not practicable to scale up capacity in the short term. It should be noted that 70% of local authorities did not meet this deadline in 2022/23, and whilst West Sussex were able to achieve it, this was dependent on significant additional hours worked for a sustained period by members of the core project team. An extensive project plan, developed over many years, is the primary mitigation for this risk. The consequence of not achieving the May deadline is in part dependent on the as-yet-underdetermined scheduling of the subsequent audit by EY. The risk of failing to achieve this deadline is compounded by the anticipated CIPFA consultation on an update to the 2023/24 Code of Practice. This consultation is expected to include proposals to temporarily simplify the revaluation requirements for operational property and reduce the disclosure requirements for pension fund assets and liabilities. Whilst intended to ease the burden for local authorities, this is complicated by the fact that much of the underlying information is provided by external valuers, in some cases instructed many months ago. Changes to specifications (even simplifications) therefore require a significant investment of time to agree inputs, outputs and workflows, and working papers to derive accounting entries need to be redeveloped. Therefore any changes which are mandated by CIPFA, or which are judged to be beneficial for the subsequent audit, are likely to increase the lead time for the production of draft accounts in the short term.

- As identified in section 3, the Authority is dependent on various external partners for the provision of information which features in the accounts. This includes collection fund data provided by billing authorities, and property and pension fund valuations commissioned from external valuation specialists. This information impacts on many areas of the financial statements, and the property and pension fund valuations in particular represent highly material values on the Authority's balance sheet. Any delay in the provision of this information by the external partners therefore risks the finalisation of draft accounts by the legislative deadline. These risks are mitigated through early and continued dialogue with the external partners, including the clear communication of deadlines and dependencies. Instructions for property and pension valuation exercises have been issued in good time and weekly meetings have been established with the property valuer to monitor progress against the various milestones. One such milestone – the provision of draft valuations for Corporate Finance review by 16 February – has been missed. Finance continues to work through Valuation and Estates Management (as contract owners) to escalate this issue and establish a revised delivery timescale. As a consequence of this delay, the likelihood of this risk materialising through the unavailability of sufficiently quality assured valuations in time to achieve the May draft accounts publication deadline is increased.

- The Authority may need to prepare group accounts in 2023/24 in relation to its interest in its property development joint venture, Kinsted, through its subsidiary Edes Estates. The risk will manifest if the impact of consolidation is deemed to be material, following the first transfer of land from the Council into the JV in 2023/24. Given the pre-existing challenges to achieving the May publication deadline for draft accounts as outlined above, this represents a significant additional risk factor, not least because no members of the core project team have any experience preparing group accounts. To mitigate this risk, the Authority has commissioned some bespoke accounting advice from KPMG.

- Work is continuing on the 'Smartcore' project to replace the Authority's current SAP Enterprise Resource Planning software. This is a time pressured and therefore very resource-intensive project, and Subject Matter Experts from across the Finance function are engaged to work on the project. Whilst these SME's have been sourced from outside the direct final accounts project team, it is inevitable that the expertise of the team will be drawn upon at various intervals. If the programme continues and a new implementation partner is appointed, this will mean that, particularly in areas of specialism such as GL and Fixed Assets where the detailed technical knowledge does not exist outside of one or two core team members, key resources within the team may need to input into the project to ensure that delivery remains on track. This is an additional resourcing risk that will exist throughout the accounts preparation and audit process, and prioritisation at the project owner level may be required to balance two key corporate priorities.

The above risks are summarised in the Risk Register attached at Annex A, with an assessment of risk based on likelihood and impact. Officers responsible for taking specified mitigating actions are also identified.

Annex A

West Sussex County Council: Closedown Risk Register

Key: **Risk (R):** **Impact x Likelihood**

Impact (I): **1 = insignificant, 2 = minor, 3 = moderate, 4 = significant, 5 = catastrophic**

Likelihood (L): **1 = rare, 2 = unlikely, 3 = possible, 4 = likely, 5 = certain**

Risk	Potential Impact	Initial Risk (I – Impact L-Likelihood R- Risk)			Mitigation	Who	Timescale
		I	L	R			
Dependency on external partners (e.g. billing authorities, pension fund actuary and property valuers)	Provision of information for collection fund, capital and pension accounting purposes is on the 'critical path' for the preparation of the accounts. Any delay is therefore likely to cause the Authority to miss the draft accounts deadline. The reliance on experts provides assurance over extremely material balances in the Authority's core financial statements. As a result of the delays currently being experienced in relation to the property valuation exercise as identified elsewhere in this report, the likelihood of this risk materialising has been increased.	4	4	16 (R)	Early engagement with partners and agreement to defined timetable. Early instruction of property valuations and frequent meetings to provide for extensive quality assurance. Weekly meetings with property valuer to monitor progress and escalation of delays within Valuation and Estates Team as contract owners.	Sean McEwan	October 2023 – April 2024
Failure to complete audit in scheduled period and by legislative deadline	Likelihood may be increased by new audit team at a senior level (e.g. establishing relationships, preferred ways of working, and may challenge established WSCC practices). Reputational impact and availability of timely information to inform decision making. Compounding impact of delays on other officer priorities (e.g. budget preparation, Smartcore etc) and on subsequent accounts preparation and audit. Any delays attributable to the Authority may result in increased audit fees.	4	3	12 (R)	Early scheduling of audit and agreement of working papers, plus completion of system walkthroughs and substantive testing during interim audit to reduce pressure on summer financial statements audit. Potential extension via introduction of May 2025 backstop being consulted upon by DLUHC.	Vicky Chuter	June – September 2024

Risk	Potential Impact	Initial Risk (I – Impact L-Likelihood R- Risk)			Mitigation	Who	Time scale
		I	L	R			
Failure to achieve the legislative deadline for publication of draft accounts	Likelihood may be increased by pending CIPFA Code consultation (for example if changes to existing property or pension valuation instructions are mandated or are seen to be beneficial for the subsequent audit). Reputational impact and availability of timely information to inform decision making. Compromises may need to be made if decision is taken to prioritise publication by deadline. Alternatively there may be consequential implications for commencement of the audit and subsequent legislative requirements for approval of audited accounts, although the proposed scheduling of the audit by EY is currently unknown.	3	4	12 (R)	Development of detailed project plan detailing component tasks, dependencies etc. Regular monitoring of progress to highlight issues and establish prioritisation and consider compromise as necessary. Restrictions on team leave during peak period to ensure sufficient capacity.	Seam McEwan	April – May 2024
Requirement to produce group accounts	If required – likely failure to achieve draft accounts deadline given historic production timetable. Additional audit fees likely due to expanded accounts and additional testing requirements. May increase risk of audit delays and additional audit adjustments due to limited experience of core project team.	4	3	12 (R)	Commissioning of bespoke accounting advice from KPMG. Early engagement with related entities (JV/Edes accounts preparers and auditors) to establish production timetables and required inputs.	Vicky Chuter	April – September 2024
Demands of Oracle implementation project on core project team	Specialism limited in areas such as fixed assets and GL to one or two core project team members. Risk to delivery of draft accounts and support to external audit if these individuals are pulled too heavily into concurrent SAP replacement project.	3	2	6 (A)	Oracle project team has been resourced without direct impact on core final accounts project team. Senior representation on both projects to ensure that resourcing clashes are mitigated appropriately.	Vicky Chuter	April – September 2024