

Closure of Accounts - Risk Analysis

Original Priority	Risk	Details	Original RAG	Current Actions/ Mitigation	Due Date	Contingency Arrangements	Current RAG	Update (6 June 2016)
1	Payroll control account significantly out of balance	Service Revenue costs posted to suspense account ~£100m		Process outstanding data files.	29/02/2016	Use estimates to post remaining balance		Data files processed 28/4/16.
				Services to review results and post corrections. Rules circulated for limiting actions on miscodings	31/03/2016	Limit corrections to be posted		Schools payroll costs still to be reviewed for reasonableness.
		Outstanding data files to be processed against control accounts of around £300m		LCC to manage reconciliations for 2015/16 only.	29/02/2016	Carry forward any remaining balances into new year		Posting of data files left around £15m in suspense, which was resolved after a significant amount of work by Corporate Finance. A balance of ~£150k was written off, pending any issues arising from the review of schools payroll costs.
				Meeting requested with Serco to discuss external audit requirements	30/06/2016			More detailed, revised approach to postings should remove this requirement.
				Unit4 consultant appointed to help resolve issues.	Actioned			Files extracted in new format to allow posting.
10	Capital Module	Capital module yet to be used in practice, risk of unforeseen issues		Module has been thoroughly tested. Consultant booked to help resolve any issues 9-11 May	11/05/2016	No alternatives available		Year end processes near completion, some issues have required work arounds, and a Unit4 consultant helped resolved other issues.
6	Mapping of Service Expenditure Analysis (SEA) from old year	No old year balances held in Agresso to help ensure that there have been no structural changes to the SEA mapping.		New year SEA produced before year end to enable analytical review	31/03/2016	Map coding via spreadsheet and produce SEA on Agresso codes		Mapping complete, initial comparisons have identified some areas of potential concern which are being investigated.
				Ascertain KPMG's requirements	Actioned			KPMG have confirmed they do not need to see audit trail.
New 27/4/16	Audit requirements for payroll not met	Payroll summary figures needed for external audit		Meeting requested with Serco to discuss external audit requirements	29/04/2016			Serco to pick up payroll figures required by auditors. LCC have reconciled to postings in General Ledger codes.

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9	Delays in processing journals	The journal upload process has only recently gone live in Agresso and recent journal processing has taken up to a few days to action. Real time journals will be needed during closedown. Need to understand the backlog still with Finance to action		Processing should be quicker once backlog of journals have been processed. Size of databases being increased by SERCO.	Ongoing	Bulk journals to be processed overnight allowing smaller journals to be processed in real time during closedown		No particular difficulties experienced in recent weeks, although processing journals in the old financial year requires manual intervention.
3	Non Payroll Control Account Reconciliations	Reconciliation processes have not yet been fully implemented		AP/AR reconciliation reports passed over to Serco. Corporate Finance carrying out payroll reconciliations.	29/04/2016	Ensure AP/AR/Payroll control accounts reconciled as a minimum by the end of the financial year.		Agresso AP/AR reconciliation reports identified and run at 11/3/16 and 14/4/16. Reports did not identify any significant issues. Separate AP reconciliation carried out at 31/3/16.
4	Non-payroll suspense and holding accounts	Balances not regularly reviewed during the year		LCC Finance staff to clear any outstanding balance	15/04/2016	Clear high value entries and make informed judgements regarding any balance.		Fully cleared except for capital receipts which are awaiting posting - no problems are anticipated with this.
New 21/3/16	Accounting for Better Care Fund	Significant sums involved. Need to ensure correct treatment				Follow previous years practice for pooling arrangements		Meetings held with CCG's and accounting treatment agreed for each area in liaison with KPMG.
New 21/3/16	Cashbook entries missing	Entries in GL have not been posted to Cashbook reconciliation sub system				Add manual reconciliation items to reconciliation report		Alternative arrangements in place.
New 21/3/16	Trial Balance mispostings	Mispostings between LCC and Pension Fund Trial balance for LCC doesn't balance				Enter a global posting correction between LCC and Pensions		Mispostings identified and corrections actioned.
New 21/3/16	Shortage of Licences mean finance staff cannot access Agresso	Finance staff are being blocked from accessing Agresso during busy periods. This will cause critical delays during closedown when greater use of Agresso is expected		Additional licences on order. Issue being raised by staff with IT helpdesk when it occurs. Staff need to be reminded to log off when not using system		Serco can log off users that are not active to free up licences.		25/4/16 - All additional licences loaded. No significant issues raised in recent weeks.
2	Capital - allocation of capital spend (works orders) to assets and asset classes	£60m+ of capital spend (works orders) still to be allocated to assets		Raised with senior finance staff and further training beginning to finance staff to complete this work.	Actioned	Focus on high value assets in Highways and Schools.		Completed 25/4/16
New 21/3/16	Confirm interface to Capital	Capital module in Agresso will not accept CONFIRM postings				Generate manual postings via spreadsheet		Alternative arrangements successfully used. Resolution now in place for 2016/17

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5	Trial Balance Report and Statement of Accounts Checks	Existing checks need full review due to new system. Trial balance not yet available to help assess position		Trial Balance report to be finalised for loading into SoA worksheet as a trial run	Actioned	Manually input data to SoA tables. Focus on internal consistency checks for SoA		Trial Balance report now running and has identified issues picked up as a new risk.
				Review existing internal consistency checks.	Actioned			Work completed
7	Purchase card payments not posted	Around £3.3m unposted to end of February		Contingency plan already implemented	24/03/2016	Details to be extracted and sent to card holders for coding		Postings completed 25/4/16
		No plans to accrue payments after 2/3/16		Discuss whether this is an audit issue with KPMG	Actioned	If necessary, charge accruals to default codes outside		KPMG have confirmed that this should not be an issue
8	Duplicate Payments	Work by internal audit has identified potential duplicate payments. This is likely to be an area of concern for KPMG.		Duplicate payments to 24/11/15 identified and repayment chased with suppliers. Continue to run reports to year end.	31/03/2016	Clear high value entries and look to clear the low value items in the new year.		Items in Phase 2 investigated and action taken. Items over £10k identified from phase 3 report and actions in place to resolve

RAG Key:

	Serious concern - no guarantee that current actions will fully resolve.
	Some concern - Needs monitoring to ensure actions resolve concern.
	Some minor residual concern but actions in place to resolve.
	Issue resolved - no concerns.

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