

WIRRAL COUNCIL

PENSIONS COMMITTEE

13 JANUARY 2010

REPORT OF THE DIRECTOR OF FINANCE

MERSEYSIDE PENSION FUND - AUDIT OPINION PLAN 2009-2010

1. EXECUTIVE SUMMARY

- 1.1 The purpose of this report is to comment on the Audit Commission Audit Opinion Plan for the financial year 2009-2010. The Plan is included elsewhere on this agenda.

2. BACKGROUND

- 2.1 The Opinion Plan has been produced to give Members an early indication of the scope, range, purpose, process, timescales and planned outputs for the audit and opinion on the closure of accounts for the current financial year.
 - 2.2 Whilst following certain standard approaches, the Plan reflects the outcome of detailed discussions with the MPF.
 - 2.2.1 MPF is obliged to advise the Auditor of any additional risks arising, or expected to arise during the year of audit. After six months of the current financial year, MPF migrated to a new accounting and budgeting system using the Oracle financial package as its basis. All accounting records therefore required transferring to this system on 1 October 2009, involving extensive reconciliations. In recognition of this, a provisional estimate was made of the additional audit time required for confirming that all balances had been transferred accurately. In addition, some preliminary work may be required on the Triennial Valuation as at 31 March 2010.
 - 2.2.2 The Auditor has agreed other amendments to the draft report, which now indicates the levels of materiality and triviality, and also recognises that there may be various adjustments to the initial draft accounts during the course of the audit to reflect further information not previously available.
 - 2.3 At the time of writing final guidance has not been received from the Department for Communities and Local Government regarding the content of the Annual Report. If and when received, this may impact on the audit plan.
- ##### **3. FEE LEVELS**
- 3.1 The approach of the Audit Commission is to refer to a "scale fee", based on a number of variables, including the type, size and location of the audited body. For MPF this is set at £70,900. This compares with the planned fee of £61,750 for 2008-2009.

- 3.2 However this scale free does not take account of any additional work, either to examine these new risks, or where any other assumptions regarding availability and access to information are not met. In such cases, where an addition to the fee may be required, the Audit Commission indicates the process that will be followed.

4. FINANCIAL IMPLICATIONS

- 4.1 I have included in the budget proposals elsewhere on this agenda a provisional charge of £73,700 for the audit and opinion on the accounts for the year ended 31 March 2010. This represents a 4% increase above the scale fee, to reflect an estimate of the additional work resulting from the mid-year transition to the more efficient accounting and budgeting system referred to in paragraph 2.2.1.
- 4.2 No information is available regarding the likely level of budget provision required for the financial year 2010-2011. This is likely to be dependent, in part, on the outcome of the audit of the accounts for the current financial year.

5 STAFFING IMPLICATIONS

- 5.1 There are none directly arising from this report.

6. EQUAL OPPORTUNITY IMPLICATIONS

- 6.1. There are none arising from this report.

7. COMMUNITY SAFETY IMPLICATIONS

- 7.1. There are none arising from this report.

8. HUMAN RIGHTS IMPLICATIONS

- 8.1 There are none arising from this report.

9. LOCAL AGENDA 21 IMPLICATIONS

- 9.1. There are none arising from this report.

10. PLANNING IMPLICATIONS

- 10.1. There are none arising from this report.

11. MEMBER SUPPORT IMPLICATIONS

- 11.1. This report has no particular implications for any Members or wards.

12. BACKGROUND PAPERS

- 12.1 Audit Opinion Plan Merseyside Pension Fund - Audit Commission - December 2009.

13. RECOMMENDATION

- 13.1 That Members note the Audit Opinion Plan for the financial year 2009-2010.

IAN COLEMAN
DIRECTOR OF FINANCE

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