

WIRRAL COUNCIL

AUDIT AND RISK MANAGEMENT COMMITTEE

26 JANUARY 2009

REPORT OF THE DIRECTOR OF FINANCE

AUDIT COMMISSION ANNUAL GOVERNANCE REPORT - ACTION PLAN UPDATE

1. EXECUTIVE SUMMARY

- 1.1. The Audit and Risk Management Committee considered the Audit Commission Annual Governance Report and action plan on 1 December 2008. This report updates the Committee on the progress in implementing the plan.

2. AUDIT COMMISSION ANNUAL GOVERNANCE REPORT

- 2.1 The District Auditor presented his report to this Committee on 30 September 2008. This covered the Council Statement of Accounts 2007/08, which received an unqualified audit opinion, and consideration of key issues facing the Council in the future. The report identified a number of recommendations and Committee on 1 December 2008 considered the action plan to deliver the recommendations.

3. PROGRESS REPORT

- 3.1 The plan is detailed in the appendix with progress made on :-
- 3.2 Recommendation R1 - Build on arrangements for the Annual Governance Statement by involving Members at an earlier stage and strengthening the corporate ownership.
 - 3.2.1 Review work is underway with the intention to submit the Annual Governance Statement to this Committee on 30 March 2009. On 21 January 2009 the Corporate Improvement Group considered an update report that included details on its role in the production of the Statement.
- 3.3 Recommendation R2 - Ensure supporting records for community assets are complete and are accurately reflected in the financial statements.
 - 3.3.1 Draft document and supporting records for community assets have now been produced.
- 3.4 Recommendation R3 - Consider the issues raised in the Annual Governance Report that should be included in the letter of representation.

- 3.4.1 The recommendation was completed with the consideration of the Audit Commission report at this Committee on 30 September 2008.
- 3.5 Recommendation R5 - Review the underlying records and the accounting treatment of infrastructure assets to ensure strict compliance with the Statement of Recommended Practice (SORP).
 - 3.5.1 Number of tasks commenced including examining the underlying records for infrastructure, the analysis of infrastructure into categories and considering what asset lives may be appropriate. Further detailed work is to be undertaken.
- 3.6 Recommendation R6 – Review reserves and provisions to ensure they are at an appropriate level and remain prudent.
 - 3.6.1 A report on Balances, Reserves and Provisions was considered by Cabinet on 10 December 2008. Supporting papers on reserves and provisions are currently being enhanced and updated.
- 3.7 Recommendation R8 – Ensure classification and valuation of assets is robust and that valuation and finance staff take joint responsibility to ensure assets are correctly reflected in the statement of accounts.
 - 3.7.1 The terms of engagements for the valuation of assets have been redrafted. Regular meetings continue to take place between finance and valuation staff.
- 3.8 Recommendation R9 – Discuss with the Merseyside Pension Fund how a more accurate estimation of the value of Pension Fund assets can be made whilst still meeting deadlines for financial reporting.
 - 3.8.1 Initial discussions on options have taken place with the Merseyside Pension Fund as this also impacts upon other local authorities and organisations which are members of the Merseyside Pension Fund.
- 3.9 Recommendation R12 – Ensure all related party transactions returns are received from Members and officers to be included in the accounts to be approved by 30 June and test disclosure.
 - 3.9.1 The request process for obtaining all related party transactions for 2008/09 from Members and officers is about to commence. This will again stress the importance of the request and the requirement to make a return.
- 3.10 Recommendation R13 - Consider the financial and governance implications of the Public Interest Disclosure Act report.
 - 3.10.1 A report was considered by this Committee at its meeting on 4 November 2008.
- 3.11 A number of the recommendations in the Action Plan will be progressed towards implementation over the coming months.

4. FINANCIAL AND STAFFING IMPLICATIONS

4.1 There are no financial or staffing implications arising directly from this report.

5. EQUAL OPPORTUNITIES IMPLICATIONS

5.1. There are none arising directly from this report.

6. HUMAN RIGHTS IMPLICATIONS

6.1. There are none arising directly from this report.

7. COMMUNITY SAFETY IMPLICATIONS

7.1. There are no specific implications arising from this report.

8. LOCAL MEMBERS SUPPORT IMPLICATIONS

8.1. There are no specific implications for any Member or Ward.

9. LOCAL AGENDA 21 IMPLICATIONS

9.1. There are none arising directly from this report.

10. PLANNING IMPLICATIONS

10.1. There are none arising from this report.

11. BACKGROUND PAPERS

11.1. Annual Governance Report - Audit Commission September 2008.

12. RECOMMENDATION

12.1. That progress on delivering the action plan be noted.

IAN COLEMAN
DIRECTOR OF FINANCE

Appendix 1 Annual Governance Report – Action Plan

Recommendation Reference	Recommendation Details	Priority 1=Low 2= Med 3=High	Responsibility	Agreed	Comments	Anticipated Implementation Date
R1	<p>Build on arrangements for the Annual Governance Statement (AGS) by involving Members at an earlier stage and strengthening the corporate ownership:</p> <ul style="list-style-type: none"> • Present the AGS to the Audit and Risk Management Committee at a separate meeting to the approval of the accounts to provide Members with more opportunity to consider and challenge the issues raised in the statement. • Ensure the drafting of the AGS is done by a corporate group rather than being the responsibility of Internal Audit within the Finance Directorate. 	2	Director of Finance/ M Niblock	Yes	<p>The AGS will be considered at Audit & Risk Management Committee on 30 March 2009.</p> <p>The Council Corporate Improvement Group will present and consider departmental responses prior to consideration by the Corporate Governance Group and Committee.</p> <p>Internal Audit will produce the AGS from Departmental responses.</p>	30 March 2009

R2	Ensure supporting records for community assets are complete and are accurately reflected in the financial statements.	2	Director of Regeneration/Jim Lester/ R Huyton	Yes	Information is currently being collated. This needs to be obtained and an assessment made to consolidate as required in the Statement of Accounts.	31 December 2008 but is to be ongoing
R3	Consider the issues raised in the Annual Governance Report that should be included in the letter of representation.	3	Director of Finance/ T Sault	Yes	Completed 30 September 2008	Completed 30 September 2008
R4	Further improve the quality assurance processes that underpin the production of information for the statement of accounts.	2	Director of Finance/ J Spick	Yes	Reviews being enhanced and built into the timetable for closedown 2008/09.	30 June 2009
R5	Review the underlying records and the accounting treatment of infrastructure assets to ensure strict compliance with the SoRP.	3	Director of Finance/Director of Technical Services	Yes	Work being undertaken to identify the infrastructure assets.	31 December 2008 but is to be ongoing
R6	Review reserves and provisions to ensure they are at an appropriate level and remain prudent.	1	Director of Finance/ T Sault	Yes	Cabinet reports every 6 months detailing the reserves and provisions.	10 December 2008 30 June 2009

R7	Ensure the Whole of Government Accounts consolidation pack is produced earlier in future years to ensure the Department for Communities and Local Government deadline is met.	1	Director of Finance/R Huyton	Yes	Work will be undertaken to develop the production of the Return for 2008/09.	1 October 2009
R8	Ensure classification and valuation of assets is robust and that valuation and finance staff take joint responsibility to ensure assets are correctly reflected in the statement of accounts.	2	Director of Law, HR and Asset Management/ R Huyton	Yes	A process for joint assessment of assets and their valuation will be undertaken.	28 February 2009
R9	Discuss with the Merseyside Pension Fund how a more accurate estimation of the value of Fund assets can be made whilst still meeting deadlines for financial reporting.	1	Director of Finance/ R Huyton/ G Moore/ J Spick	Yes	Discussions held with the Pension Fund.	31 December 2008 but is to be ongoing
R10	Improve internal controls in respect of payroll procedures and ensure consistent compliance across the Council.	3	Director of Law, HR and Asset Management/P Bradshaw	Yes	A review of existing controls will be made. Changes will be made following this review.	31 March 2009
R11	Review schools bank accounts to ensure funds are held and applied for proper purposes.	2	Director of Children and Young People/ A Roberts	Yes	Work will be undertaken with the schools to determine bank accounts held are correctly assigned.	31 January 2009

R12	Ensure all related party transactions returns are received from Members and officers to be included in the accounts approved by 30 June and test disclosure.	1	Director of Finance/R Huyton	Yes	Procedures will be strengthened to ensure returns are 100% by 30 June 2009.	30 June 2009
R13	Consider the finance and governance implications of the Public Interest Disclosure Act report.	3	Director of Adult Social Services.	Yes	Further report to be considered.	30 March 2009