



Audit and Risk Management Committee Monday, 23 July 2018

REPORT TITLE:	STATEMENT OF ACCOUNTS 2017/18 FOR WIRRAL COUNCIL AND MERSEYSIDE PENSION FUND
REPORT OF:	Director of Finance and Investment (S151)

REPORT SUMMARY

The Council Constitution allocates responsibility for the approval of the Statement of Accounts to the Audit & Risk Management Committee. The Statement for 2017/18 was published on 31 May 2018 and was then subject to audit. The Council's external auditor, Grant Thornton LLP will present their findings, within the Audit Findings Report (AFR) together with any additional update, to this meeting.

Committee is asked to consider the findings of Grant Thornton, agree the Letter of Representation, agree any actions for 2017/18 and then approve the Statement of Accounts for 2017/18. This is in order for them to be published by the statutory deadline of 31 July 2018.

The Statement of Accounts includes the Merseyside Pension Fund (MPF) accounts as Wirral Council is the Administering Authority for MPF. As the MPF receives a separate Audit Findings Report this has to be considered by Pensions Committee and also this Committee as part of approving the Accounts.

RECOMMENDATIONS

Committee consider the Audit Findings Report presented by Grant Thornton agreeing the actions taken over the amendments to the Statement of Accounts (referred to in Section 3 of this report).

Committee consider and approve the Statement of Accounts for 2017/18 as presenting a true and fair view of the Council's income and expenditure for the year and its overall financial position.

The Chair and Director of Finance and Investment (S151) Officer sign and date the Letter of Representation.

SUPPORTING INFORMATION

1.0 REASON/S FOR RECOMMENDATION/S

- 1.1 Audit & Risk Management Committee has responsibility for approving the Statement of Accounts on behalf of the Council which is a requirement under the Accounts and Audit Regulations 2015.

2.0 OTHER OPTIONS CONSIDERED

- 2.1 The Statement of Accounts has to be produced in accordance with statutory guidance. The Statement is subject to review by the appointed Auditor and must be published by 31 July 2018.

3.0 BACKGROUND INFORMATION

- 3.1 The purpose of the Statement of Accounts is to present the overall financial position of the Council at 31 March 2018 in accordance with prescribed guidance – the Code of Practice on Local Authority Accounting in the United Kingdom (the Code). This is updated annually and specifies the accounting principles and practices required to prepare a Statement of Accounts which present a true and fair view of the financial position.
- 3.2 The Accounts and Audit Regulations 2015 require that the Council produces a Statement of Accounts for each year which meets set requirements. The Regulations 2015 state that the Accounts must be approved by an appropriate Committee no later than 31 July 2018, The Director of Finance and Investment, as Section 151 Officer, was required to certify the Accounts by 31 May 2018. It is confirmed that the Director of Finance and Investment, as the Councils Section 151 Officer, certified the accounts by the statutory deadline. At that date, the Accounts were issued and made publicly available.
- 3.3 The Accounts published at 31 May 2018 have been subject to audit. Under National Audit Commission audit arrangements for Local Government, Grant Thornton UK LLP (as the Council's appointed external auditor,) report on the financial statements and also on the Value for Money conclusion. These are within the Audit Findings Report.
- 3.4 The Director of Finance and Investment has to re-certify the presentation of the annual accounts. The Regulations require the Accounts to be considered and approved by Members prior to final publication. For Wirral this role is for this Committee. The Accounts must also be signed and dated by the Chair of this Committee. Following this publication takes place, which must include publication on the Council website, of the Accounts together with any certificate, opinion, or report issued, by Grant Thornton.

AMENDMENTS TO THE STATEMENT OF ACCOUNTS

- 3.5 Amendments to the financial statements requested by Grant Thornton are detailed in the Audit Findings Report. Committee are asked to consider whether or not they agree to the amendments which have been agreed by officers. The Auditor has, at the time of writing the report, identified a number of revised presentational requirements which the Council has agreed to make.
- 3.6 The Statement of Accounts 2017/18 is appended to this Agenda and reflects the comments made by the Auditors up to Thursday 12 July and the MPF Accounts which were considered by Pensions Committee on 16 July 2018. At the time of circulating this report no further changes are expected to be required.
- 3.7 Committee will be updated at the meeting of any further audit work, findings and alterations to the Statement of Accounts as the audit process continues until the issuing of the Audit Opinion.

AUDITOR'S REPORT AND OPINION

- 3.8 The Audit Opinion will be issued following Committee consideration of the Audit Findings Report, approval of any amendments to the Statement of Accounts and agreement of the Letter of Representation (Appendix).
- 3.9 The Auditor's Opinion will be incorporated within the final version of the Statement of Accounts that will enable the Accounts to be completed and published by the statutory deadline of 31 July 2018. An unqualified opinion on the Accounts for 2017/18 is anticipated and publication of the Accounts will take place by the statutory deadline. There are no anticipated changes to the financial position as reported to Cabinet on 16 July 2018.
- 3.10 The closure of accounts is a key part of the Council's financial management processes and requires the input of substantial resources across the Council. This is necessary to deliver a smooth final accounts process and to allow Grant Thornton to carry out its audit within agreed timescales.
- 3.11 Grant Thornton received the Statements and supporting working papers in accordance with the required deadline. However competing pressures within the Finance and Investment Division remain as capacity is limited and the management of these pressures has proven to be a considerable challenge since the commencement of the current financial year.

- 3.12 The deadlines for the Statement of Accounts for 2017/18 have been shorter than for 2016/17. The S151 Officer must certify and issue the accounts by 31 May 2018 (brought forward from 30 June), with the Accounts approved and published following Audit by 31 July 2018 (brought forward from 30 September).

LETTER OF REPRESENTATION

- 3.13 The Letter of Representation has to be agreed by this Committee and a draft is an Appendix to this report.

ANNUAL GOVERNANCE STATEMENT (AGS)

- 3.14 The Annual Governance Statement has, as in previous years been prepared in accordance with the CIPFA/SOLACE Delivering Good Governance in Local Government 2016 Framework and Guidance and is evidenced from the following sources:

- Review of the key governance processes in place;
- Collation and review of Chief Officers and Managers Assurance Statements;
- Review of reports by external review agencies.

- 3.15 The Annual Governance Statement 2017/18 covers the period from 1 April 2017 to 31 March 2018 and therefore any significant governance issues identified are those which have occurred during this period. The Corporate Governance Group and the Audit and Risk Management Committee have during the year considered governance issues and facilitated improvements through update reports at all meetings, supplemented by officer briefings in targeted areas.

- 3.16 Significant progress has been made by the Council in year regarding the management of governance issues identified in the 2016/17 Annual Governance Statement that included ICT Business Continuity and Resilience Planning, Absence Management, Essential Training and Contract Procedure Rules and these issues are therefore not included in the statement.

- 3.17 Following an inspection by Ofsted of Children's Services in 2016, an Improvement Notice was issued by the Secretary of State for Education on the 30th September 2016. Considerable work has been undertaken to date by the Council to address the findings that has involved the formulation of an Improvement Board and the development and implementation of a detailed Action Plan. This issue is the only significant governance issue identified in the Annual Governance Statement Action Plan at Section 7 which outlines actions taken to date and those scheduled for 2018/19.

- 3.18 The Council's Audit and Risk Management Committee and Corporate Governance Group will continue to receive regular reports during 2018/19 on progress being made to address the governance issue. In addition, further oversight will continue to be provided by the Children's and Families Committee concerning delivery of the Ofsted Inspection Improvement Plan.

4 FINANCIAL IMPLICATIONS

- 4.1 The amendments to the Statement of Accounts 2017/18 have not changed the level of General Fund balance or reserves and provisions at 31 March 2018 which remain as reported to Cabinet on 16 July 2018.

5 LEGAL IMPLICATIONS

- 5.1 It is a legal requirement to publish the Statement of Accounts by 31 July 2018.

6 RESOURCE IMPLICATIONS

- 6.1 There are none arising directly from this report.

7 RELEVANT RISKS

- 7.1 If any concerns identified by Grant Thornton are not addressed by the Council then there are risks that the Council will not be able to meet its statutory requirements in respect of the Statement of Accounts as well as impacting upon Value for Money and Financial Resilience of the Council.

8 ENGAGEMENT/CONSULTATION

8.1 There has been no specific consultation in respect of this report.

9 EQUALITY IMPLICATIONS

9.1 There are none arising directly from this report.

REPORT AUTHOR: Shaer Halewood
Designation Director of Finance and Investment (S151)
Telephone 0151 691 8688
Email shaerhalewood@wirral.gov.uk

APPENDICES

Letter of Representation

Statement of Accounts 2017/18

SUBJECT HISTORY

Council Meeting	Date
Audit & Risk Management Committee Grant Thornton Audit Findings Report – - Merseyside Pension Fund - Merseyside Pension Fund Accounts 2017/18 Grant Thornton Audit Findings Report – - Wirral Council - Statement of Accounts 2017/18	25 September 2017
Pensions Committee Grant Thornton Audit Findings Report – - Merseyside Pension Fund - Merseyside Pension Fund Accounts 2017/18	16 July 2018
Grant Thornton Audit Findings Report – - Merseyside Pension Fund - Merseyside Pension Fund Accounts 2016/17	17 July 2017