

AUDIT AND RISK MANAGEMENT COMMITTEE

Monday, 23 November 2020

Present:

Councillor	K Hodson (Chair)	
Councillors	S Whittingham	D Burgess-Joyce
	J Bird	AER Jones
	K Cannon	I Lewis
	K Greaney	S Kelly

Deputies: Councillors A Gardner (for T Cox)

10 MEMBERS' CODE OF CONDUCT - DECLARATIONS OF INTEREST

Members were asked to consider whether they had any disclosable pecuniary interests and/or any other relevant interest in connection with any item(s) on this agenda and, if so, to declare them and state what they were.

No such declarations were made.

11 2019/20 STATEMENT OF ACCOUNTS FOR WIRRAL COUNCIL AND MERSEYSIDE PENSION FUND UPDATE

Prior to the commencement of consideration of this item the Director of Resources informed the Committee that an amendment should be made to recommendation 3 as follows" the Director of Resources should be given authority to approve accounts in consultation with the Chair" The recommendation was sought to be amended accordingly.

A report by the Director of Resources updated Members on the 2019/20 statement of accounts for Wirral Council and Merseyside Pension Fund. A report detailing the draft accounts was presented to the Committee on 21 September and the purpose of this report was to bring an update to the Committee and to seek delegated approval for the Director of Resources in conjunction with the Chair to approve the final accounts for publication.

By way of background, Members were informed that the preparation and publication of annual accounts provides information that is intended to be of use to a range of stakeholders (including Members, employees, members of the public, government and investors etc) in evaluating the financial performance of the Council and its stewardship of public money.

Members were advised that the accounts are not yet final as the external audit is still ongoing by Grant Thornton. The Audit will be completed by 30 November and therefore Members were not able to approve accounts within this Committee.

Members had reference to the Draft Statement of accounts as included in appendix 1 and were advised that the statement reflected the comments made by the auditors and agreed by Officers up to Thursday 5 November. Amendments to the financial statements were detailed in appendix 2 of the report and appendix 3 included the Merseyside Pension Fund Accounts considered by the Pension Committee on 2 November 2020.

The summary of the statement of accounts set out the comprehensive income and expenditure statement and Members were advised that for 2019/20, the deficit, after taking into consideration all operating expenditure and the receipt of taxation and non-specific general grant income totals £55.78m. Members were then informed how the Council's assets had been valued at £899.35m, offset by liabilities of £901.76m, resulting in net assets of £2.4m.

Members heard from Di Grisdale, Senior Finance Manager Strategy, Policy & Financial Accounts who summarised progress and changes to the audit as was previously presented to Members in September 2020

Members then heard from Mark Stocks, Grant Thornton regarding the current position of their external audit. Members were advised of the difficulties incurred to Audit an organisation in the current situation, with regards to the global pandemic. He informed Members that the Audit was close to completion and should be complete before Christmas. Mr Stocks advised of control issues regarding the use of journals and authorisation procedures and informed the Committee that this would be raised within the Audit. He then raised the issue of the financial sustainability of the Council and the impact of Covid upon the Authority. He informed the Committee that this could mean that the Council's reserves would be significantly depleted and as a result the Council has applied to the MHCLG for a capitalisation directive. Members heard how given the circumstances, the external Auditor agreed that this was a suitable response, however, he raised some concerns over sustainability and advised of the importance of the Council working upon a service plan. The external Auditor expressed significant concerns on the overall financial position of the Council.

In response to questions by Members the external auditor regarding the change in Governance arrangements of Wirral Council from a Cabinet to Committee system, he stated he had no concerns with the new arrangements; he also informed the committee that the authorisation of journals is all IT based and therefore accessible to audit effectively.

Some concerns were raised by Councillors regarding perceived poor controls, the Council's debt collection, Council spending and reserves. Further concerns were then mentioned such as council tax arrears and the methods in which they are collected.

In response to a suggestion from a Councillor, a session between Councillors and the External Auditor was requested and would be arranged.

Members then heard from Stuart Basnett, external audit manager for Merseyside Pension Fund who outlined the Audit for Merseyside Pension Fund and advised that the Audit is close to completion, but can only complete once the Council's Audit Opinion has been given.

Ian Miles, outlined the Annual Governance Statement and advised of a small change to

On a motion by Councillor Stuart Whittingham and seconded by Councillor Kate Cannon it was **Resolved That:-**

- (1) a meeting of the Committee be arranged to approve the accounts upon their completion of the audit by Grant Thornton;**
- (2) a private briefing take place immediately prior to the committee meeting between the external auditors and the members of the committee;**
- (3) members of the Audit and Risk Management Committee note the revised draft Statement of Accounts, and the findings report from the external auditor Grant Thornton For Merseyside Pension Fund;**
- (4) Members of the Audit and Risk Management Committee note the changes from the published draft accounts set out in Appendices 2 and 3**
- (5) Members agree that the Director of Resources (s151) in conjunction with the Chair of the Audit and Risk Management Committee be given delegated authority to approve the accounts on behalf of the Committee upon the completion of the audit by Grant Thornton, subject to no material or significant changes; and**
- (6) Members of the Audit and Risk Management Committee approve the Annual Governance Statement.**