

# Audit Commission Progress Report

Wirral Council

Audit 2009/10

Date 14 June 2010

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## Status of our reports

The Statement of Responsibilities of Auditors and Audited Bodies issued by the Audit Commission explains the respective responsibilities of auditors and of the audited body. Reports prepared by appointed auditors are addressed to non-executive directors/members or officers. They are prepared for the sole use of the audited body. Auditors accept no responsibility to:

- any director/member or officer in their individual capacity; or
  - any third party.
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# Key messages

- 1 This report provides members with an update of our ongoing work at the Council and informs you of the risks arising from the audit, under International Standard on Auditing (United Kingdom and Ireland) 300. The key messages to draw to members' attention are:

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### Fees

- The new coalition government has stated that it is abolishing Comprehensive Area Assessment (CAA) and so all work on updating the area assessment and organisational assessment ceased with immediate effect (paragraph 2)
- The new Code of Audit Practice and Statement of Responsibilities of Auditors and Audited bodies set out our responsibilities (paragraph 3)
- Audit fees for 2010/11 will be £370,096 but may be subject to further change (paragraphs 4 to 6)
- Inspection fees for 2010/11 will change once the implications of the abolition of CAA is confirmed (paragraph 8)
- National Fraud Initiative (NFI) fees for 2010/11 will be £4,000 for the next two year programme (paragraph 9)

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### Opinion 2009/10

- We have completed our work on updating our knowledge and documenting the main financial systems. There are no significant issues that we wish to bring to the notice of members. (paragraph 19)
- Specific opinion risks identified for Wirral Council have not changed since our opinion plan in January but due to the scale and complexity of the PFI schemes at the Council we have identified this as a significant risk (paragraph 22 and 24)
- The opinion plan is on target. We have updated the milestones and deadlines to show progress on the opinion audit (paragraph 30 and Table 3)

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### Value for money conclusion 2009/10

- We have substantially completed our work on the assessment for the value for money conclusion 2009/10 (paragraph 28)
- Our review of managing attendance is complete and will be reported to members shortly (paragraph 29)
- The value for money conclusion plan is on target. Members should note the impact of the abolition of CAA on our reporting. (Table 4)

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### Public Interest Disclosure Act (PIDA) work

- Work on the two PIDA disclosures continues (paragraph 31).

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### Grant claims and returns 2009/10

- Grant claims work is progressing to schedule (paragraph 37)

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### Audit team and key contacts

- The table for Wirral Council key member contacts has been updated to reflect the new administration and committee appointments (paragraph 43 and Table 7)
- We have highlighted the Audit and Risk Management Committee's responsibilities for receiving our Annual Governance Report and approving the audited accounts at the meeting on 28 September 2010 (paragraph 45).

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### Members' resources

- The Audit Commission has developed councillor update newsletters which are available on the website. These online resources have been developed to meet the needs of members of councils. It is hoped that they will assist you in fulfilling your challenging role (paragraph 46)

# Audit plan

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## 2010/11 plan

- 2 The letters with the proposed fees for 2010/11 for audit and assessment were agreed with officers in April and are being presented to this Committee for consideration. However, the new coalition government has stated that it is abolishing Comprehensive Area Assessment and so all work on updating the area assessment and organisational assessment ceased with immediate effect. The Commission has recently written to the Local Strategic Partnership and Council setting out what this means for individual pieces of work underway and we will update members when this is clear.

## Audit fee

- 3 Alongside the audit fees letter is the Work programme and scales of fees 2010/11, the new Code of Audit Practice 2010 and the Statement of Responsibilities of Auditors and Audited bodies.
- 4 The total indicative fee for the audit for 2010/11 is £392,000 (excluding VAT), a 0.5% increase on the planned fee of £390,000 for 2009/10. This is less than the Audit Commission's anticipated 6% increase for 2010/11 for the first year of International Financial Reporting Standards (IFRS) and is in line with our commitment to reduce the 2010/11 fee as noted at meetings with officers and members.
- 5 Members should also note that the Commission has confirmed that it would subsidise the 'one-off' element of the cost of transition to International Financial Reporting Standards (IFRS) for local authorities and police and fire and rescue authorities from 2010/11. You will therefore receive a refund from the Audit Commission of £21,904 which brings the fee charged for 2010/11 to £370,096.
- 6 This will be subject to a further reduction once we are clear about the approach to providing you with a safe conclusion on the value for money element of the audit. The letter sent by the Audit Commission to the Council made it clear that we will continue to deliver the audit in line with the statutory Code of Audit Practice under which we are required to give a value for money conclusion alongside the opinion on the financial statements.

## Grant claims and returns fee

- 7 The planned fee for grant claims and returns is £125,000.

## Assessment and inspection fee

- 8 The fee letter agreed with officers in April showed the total indicative fee for inspection as £49,153 (£16,630 for the managing performance organisational assessment and £32,523 for the economic development inspection). Although CAA has been abolished, the letter sent by the Audit Commission to the Council made it

clear that risk-based inspections under way or programmed will continue. The implication for the inspection fee will be updated when the position has been agreed.

### National Fraud Initiative (NFI)

- 9 The consultation on the proposed work programme and scale of fees for (NFI 2010/11 ran between 30 November 2009 and 19 February 2010. The Audit Commission has now confirmed the work programme and scale of fees for NFI 2010/11. This is attached to this report and confirms that the rate for metropolitan borough councils remains at the 2008/09 rate of £4k. The NFI is run over a two-year period, so the scale of fees covers the two financial years 2010/11 and 2011/12. We will bill for these fees in two equal annual instalments.

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### 2009/10 plan

- 10 We issued our initial audit fees letter for 2009/10 to Cabinet on 23 April 2009 and the Audit and Risk Management Committee on 29 June 2009, which set out the work that we proposed to undertake in order to satisfy our responsibilities under the Audit Commission's Code of Audit Practice. The fee for the audit of the financial statements and the value for money conclusion was confirmed in the Annual Audit Letter as £390,000. The planned fee for grant claims and returns is £128,000.
- 11 We are working with officers to reduce the fee for future years. The actions that the Council can take to help to reduce the fee include:
- Manage and respond to issues and complaints raised within the Council and by members of the public to reduce the issues brought to our attention
  - Manage and mitigate significant audit risks
  - Demonstrate that there is a sound control environment
  - Provide us with complete and materially accurate financial statements and other evidence
    - with good supporting working papers
    - within agreed timeframes.
- 12 We prepared a detailed 2009/10 opinion plan and value for money plan that has been discussed with and agreed with officers and presented to the Audit Committee on 24 March 2010.

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### 2008/09 plan

- 13 Our fee for 2008/09 was £406,650 for our opinion audit and value for money conclusion.
- 14 Our proposed fee for grant claims was £136,960 and our final fee can now be confirmed as £114,304 due to a reduced number of claims required to be audited than originally planned.

### Public interest disclosure act (PIDA) work

- 15 We have continued to carry out work on the PIDA in respect of DASS and we received a further PIDA on procurement. These issues were not anticipated when the fees were originally set and we have previously agreed that we will charge an additional fee when we complete the work.

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# Opinion 2009/10

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- 16** The District Auditor is required to issue an audit report by 30 September 2010 giving his opinion on whether the Council's accounts give a true and fair view of the financial position of the Authority as at 31 March 2010. Our Opinion Plan presented to members in January 2010 sets out in more detail the audit work we propose to carry out in relation to the audit of the financial statements 2009/10 for Wirral Council, including the audit of the Whole of Government Accounts. We have also updated the timetable and the table of audit risks below.
- 17** There is a separate Opinion plan and progress report in respect of Merseyside Pension Fund's financial statements.
- 18** Our work is split into 3 elements:
- updating and documenting our knowledge of the main financial systems;
  - interim controls testing; and
  - audit of the financial statements.

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## Knowledge of the main financial systems and controls testing

- 19** We have completed our work on updating our knowledge and documenting the main financial systems. There are no significant issues that we wish to bring to the notice of members.

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## Reliance on internal audit

- 20** We have discussed our respective audit approaches with Internal Audit with the aim of placing reliance on some areas of its work in 2010/11.

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## Audit of the financial statements

- 21** Our audit of the approved financial statements will commence shortly and we are carrying out some early testing where appropriate.
- 22** We have considered the additional risks that are appropriate to the current financial statements audit and have set these out below. Due to the scale and complexity of the PFI schemes at the Council we have identified this as a significant risk.



**Table 1 Specific and significant risks**

Specific opinion risks identified for Wirral Council have not changed since our opinion plan in January but due to the scale and complexity of the PFI schemes at the Council we have identified this as a significant risk.

Risk Area	Assertions	Audit response
<b>Risks relevant for all councils</b>		
<p>The Statement of Recommended Practice (SORP) 2009 requires that Private Finance Initiative (PFI) schemes and service concessions are to be accounted for under IFRS. Relevant entries will therefore generally be required to be recognised on balance sheet. As the Council has a significant PFI scheme, there is a risk that the new accounting arrangements are incorrectly applied and the balance sheet is misstated.</p>	<p>Valuation and allocation</p>	<p>Ongoing discussions with Council officers to assess impact of change. Accounting treatment followed will be reviewed to ensure that it meets the requirements of SORP 2009.</p>
<p>General market conditions are a trigger event for an impairment review. Impairment could be significant compared to previous years. Risk that the carrying value of assets are materially misstated at the year end.</p>	<p>Valuation and allocation</p>	<p>Movement of Council asset values recognised in the accounts to be compared against general market information provided by independent chartered surveyors.</p>
<p>Current economic conditions suggest that an increase in the Bad Debt Provision (BDP) may be required. Risk that provision may be understated.</p>	<p>Valuation and allocation</p>	<p>Aged debtor and debt recovery analysis reviewed to support reasonableness of BDP calculation.</p>
<p>Increased risk of fraudulent financial reporting due to current economic environment and increased financial pressures, for example overspends in DASS.</p>	<p>All</p>	<p>Discussions with senior Council officers regarding controls that mitigate the risk of fraud. Letters of assurance to be obtained from management and those charged with governance (TCWG) Monitoring of the Council's reported financial performance. Completion of a fraud risk assessment. Review of the Letter of</p>

Risk Area	Assertions	Audit response
		Representation.
The Council is reviewing a number of accounting areas as part of the transition to IFRS work. There is a risk that detailed review of accounting entries may identify errors under UK Generally Accepted Accounting Practice (UK GAAP).	All	Ongoing discussions with finance officers regarding progress in the transition to IFRS.
Housing benefits expenditure and grant income are material entries in the accounts. Our deadline to complete the certification of the housing benefits subsidy claim is after our opinion deadline on the accounts.	All	We will agree amounts in the housing benefits system to the general ledger at the year end. We will complete sufficient work on the housing benefit subsidy claim to demonstrate that the claim is not materially misstated.
<b>Risks specific to Wirral</b>		
Large number of manual, off ledger, significant adjustments actioned at the year end to produce the accounts. Risk of misstatement in the accounts, mainly in respect of the income and expenditure (I&E) account and Financial Reporting Standard (FRS)17 entries	Accuracy Completeness	All material journals will be reviewed. Review audit trail between accounts and ledger produced to identify entries requiring testing. FRS17 entries to be agreed to actuarial confirmation.
A material weakness was identified in 2008/09 in relation to the Council's asset records. If no action is taken there is a risk of misstatement in the following areas: - existence of vehicles plant and equipment (VPE) - capitalisation of expenditure on infrastructure assets - completeness of community assets	Existence, valuation and allocation, completeness	Progress against the action plan agreed in the 2008/09 Annual Governance Report (AGR) will be monitored throughout the year. Year end substantive testing will be performed specifically addressing the risk areas identified.
2008/09 audit identified undisclosed related party transactions. Risk of non-disclosure of politically sensitive items in the accounts approved by members in June 2010.	Completeness	All declarations of interests made in year will be reviewed. Other audit procedures will be made to ensure that all disclosures have been made, for example Companies House searches and following up

## Audit plan

Risk Area	Assertions	Audit response
		National Fraud Initiative (NFI) matches.
Our PIDA work on the DASS charging policy applied at in-house supported living units from 1997 is unresolved. Risk of financial, legal and governance impact on the accounts.	Regularity	Liaison with the Monitoring Officer and S151 Officer. Review of IA work on further investigation of issues and quantifying any financial, governance and legal implications
Our PIDA work on the HESPE contract is unresolved. Risk of financial, legal and governance impact on the accounts.	Regularity	Liaison with the Monitoring Officer and S151 Officer. Review of HESPE contract.
<p>13 non-trivial errors were identified during the 2008/09 audit, including the following three material errors:</p> <ul style="list-style-type: none"> <li>- classification within the Best Value Accounting Code of Practice (BVACOP) analysis</li> <li>- netting off of Revenue Expenditure Funded from Capital Under Statute (REFCUS) in the service expenditure analysis (SEA)</li> <li>- valuation basis of community assets</li> </ul> <p>We also identified 5 disclosure errors.</p> <p>There is a risk that the process that led to these errors will reoccur, leading to misstatement in 2009/10 accounts.</p>	All	All errors identified in the 2008/09 audit will be carried forward and specifically considered in 2009/10.
The Council must produce its accounts by the end of June 2010 and we have planned for the majority of our work to be completed during July 2010. Any delay in the production of the accounts or supporting working papers will impact on our ability to complete the audit by the deadline and report to members.	All	Key milestones and timetable communicated in the 2009/10 opinion plan and updated in progress reports.

The assertions are explained in the Opinion Plan presented to members in January 2010

### Chief Accountants' workshops

- 23 The Audit Commission runs workshops every year for chief accountants to ensure that consistent messages about technical issues are shared with audited bodies. Key finance officers attended the workshop at Warrington on 4 February 2010.

### International Financial Reporting Standards (IFRS)

- 24 2010/11 is the first year that the accounts need to be prepared under IFRS. However, councils are required to implement some elements for the 2009/10 accounts in relation to Private Finance Initiatives (PFI) and service concessions such as where buildings are not owned by councils but the service provided is controlled by councils. The Council has sought specialist advice on the new accounting treatment required and we have also brought in one of our technical experts to review this. This is also highlighted as a significant risk in the table above.

### Update to opinion plan

- 25 The tables below update our opinion plan for members and show progress on the audit is as planned.

#### Table 2 Planned outputs

The planned outputs from the opinion audit are set out below.

Planned output	Indicative date	Update and progress
Opinion audit plans	31 December 2009	Completed
Update to opinion audit plans and feedback on interim audits (if appropriate)	March 2010	Update in progress report. No interim issues to bring to members attention
Annual governance reports	30 September 2010	For ARMC 28 September
Auditor's reports giving an opinion on the financial statements	30 September 2010	As planned

#### Table 3 Key milestones and deadlines

The audit is progressing as planned and committee dates have been confirmed

Task	Deadline	Update and progress
Agreement of Opinion Plan with officers	Draft by end of November Final by mid December	Completed to plan
Progress meetings - pre statements	Six weekly	In progress

## Audit plan

Task	Deadline	Update and progress
<b>Presentation of Opinion Plan to ARMC</b> Finance to present covering report including explanation of the final accounts process and the roles of the Pensions Committee and Audit and Risk Management Committee	<b>18 January 2010</b> (papers by 29 December)	<b>Completed to plan</b>
ISA+ 315 knowledge of the entity	January 2010	Completed to plan
Control testing	February 2010	Completed to plan
<b>ARMC consider draft Annual Governance Statement</b> <b>Update of Opinion Plan presented to ARMC</b>	<b>24 March 2010</b> (papers by 10 March)	<b>AGS considered at ARMC March 2010</b> <b>No update of opinion plan required</b>
<b>ARMC member training (proposed)</b>	<b>May/early June 2010</b>	<b>In progress</b>
Early substantive pre-statements testing	Mid June 2010	In progress
<b>Receipt of pre-audit accounts by ARMC and auditor</b>	<b>14 June 2010</b>	<b>Expected to plan</b>
Working papers provided to the auditor	By 30 June 2010	Expected to plan
Pensions Committee to challenge accounts and make recommendations to ARMC	Before ARMC meeting (by 30 June 2010)	Pensions Committee meeting planned for 28 June 2010
<b>ARMC to challenge and approve accounts, including Annual Governance Statement and Pension Fund Statements.</b> Finance to present pre-audit statement of accounts and covering report	<b>By 30 June 2010</b> (papers out by 16 June)	<b>ARMC meeting planned for 30 June 2010</b>
Start of detailed testing on main statements	30 June 2010	Expected to plan
Completion of fieldwork on main statements	6 August 2010	Expected to plan
Receipt of WGA and working papers	8 July 2010	Expected to plan
Completion of fieldwork on WGA	6 August 2010	Expected to plan
Progress meetings - post statements	Weekly	Expected to plan
Agreement of errors and uncertainties	20 August 2010	Expected to plan

Task	Deadline	Update and progress
for Finance to complete covering reports and amend statements		
Draft Annual Governance Reports from Audit Commission to officers	3 September 2010	Expected to plan.
Meeting with officers to agree final AGRs (Finals AGRs will highlight any outstanding issues that will be updated at meetings with members)	Meetings by 8 September 2010 Final AGRs by 13 September 2010	Expected to plan. Any ongoing issues at 13 September will be highlighted in the reports.
Pensions Committee - to consider the Pension Fund AGR and any action plan, any amendments to statements and the Letter of Representation - to make recommendations to ARMC	Before ARMC meeting below (by 30 September 2010) Papers out by 13 September	Now confirmed for 27 September 2010
<b>ARMC to receive Annual Governance Reports, including any verbal update on outstanding issues (Wirral and MPF)</b> Finance to present covering reports and post-audit statements	<b>By 30 September 2010</b> Papers out by 13 September 2010	<b>Now confirmed for 28 September 2010</b>
Final check of post-audit statements	By 30 September 2010	Expected to plan
<b>Issue of opinions by the District Auditor</b>	<b>By 30 September 2010</b>	<b>Expected to plan</b>
<b>Audited accounts published by the Council</b>	<b>By 30 September 2010</b>	<b>Expected to plan</b>
<b>Whole of Government Accounts return submitted</b>	<b>1 October 2010</b>	<b>Expected to plan</b>

# Value for money conclusion 2009/10

- 26** We agreed a value for money conclusion plan with officers and presented it to the Audit Committee in March 2010. We have updated the timetable below to show progress to date and changes to our original plan.
- 27** Every year the Audit Commission applies a proportionate approach to the work and has determined that we will not be doing any work on one of the criteria at any councils this year - natural resources - and will carry forward the assessment of 'yes' on that criteria for 2009/10. This will be the first year that we assess whether the Council plans, organises and develops its workforce effectively to support the achievement of its strategic objectives.
- 28** We have substantially completed our work on the assessment for the value for money conclusion 2009/10. We met with the Director of finance on 20 April 2010 to discuss preliminary feedback and will be reporting the outcome in our annual governance report to the Audit Committee and Risk Management Committee on 28 September 2010. We will also report any significant findings in the annual audit letter but will not be reporting a score for the use of resources.

## Managing attendance

- 29** As part of our work to inform the value for money conclusion we have completed a review of how the Council manages attendance. The final report has been agreed with officers and we are awaiting completion of the action plan before we finalise the report and present it to members.

## Update to value for money conclusion plan

- 30** The value for money conclusion plan is progressing to targets. Members should note the impact of the abolition of CAA on our reporting.

### Table 4 Update and progress on value for money timetable

The timetable has been updated for actions completed and changes to the plan. Members should note the impact of the abolition of CAA on our reporting.

Date	Original activity/milestone	Update and progress
November 2009	Draft plan to Council	Completed to plan
December 2009	Agree plan with Lead Director	Completed to plan
Mid December 2009	Audit Commission national report 2008/09 including scores and examples of strong performance and outcomes to support learning for the 2009/10 assessment	Completed to plan



November - March 2010	Fieldwork	Completed to plan
January 2010	VFM profile tools available from the Audit Commission	Slight delay but now complete
<b>January 2010</b>	<b>Plan to the Audit &amp; Risk Management Committee</b>	<b>Completed</b>
March 2010	Cheshire/Mersey local quality assurance	Completed to plan
Early April	Interim feedback to Lead Director	Completed 20 April 2010
21 April 2010	Indicative scores submitted by audit team to Audit Commission	Completed to plan
10 - 21 May 2010	Audit team area QA and internal challenge	Completed to plan
May 2010	Issue and agree draft managing attendance report. Finalise report by the end of May 2010.	Partially complete. Report discussed and final agreed subject to completion of action plan.
June/July 2010	Consideration of final evidence of outcomes and agreement of draft value for money conclusion	In progress
30 July 2010	Final scores submitted to Audit Commission	CAA abolished and we will not be scoring UoR
2 - 27 August 2010	National quality assurance process	Cancelled
End August 2010	Agreement of final value for money conclusion and scored UoR judgements	Agreement of final value for money conclusion in progress. We will not be scoring UoR
Early September	Draft Annual Governance Report to officers	Required 3 September 2010
Mid September	Final Annual Governance Report to members	Required 13 September 2010
<b>Late September 2010</b>	<b>Audit &amp; Risk Management Committee</b> (papers out 2 weeks before)	<b>Now confirmed as 28 September</b>
October/November 2010	Draft organisational assessment report shared with the Council	CAA abolished - work on organisational assessment has stopped



## Value for money conclusion 2009/10

Late November 2010	Final organisational assessments reported as part of CAA reporting. Issue annual audit letter.	CAA abolished so no reporting. Annual audit letter as planned.
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# PIDA work

- 31** Work on two PIDA disclosures in respect of adult social services and procurement continues.

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## Adult social services

- 32** We are continuing to monitor the Council's progress in responding to our 2007/08 report: *Adult Social Services - Follow up of PIDA Disclosure* which was considered by the Audit and Risk Management Committee in September 2008.
- 33** A key issue was in respect of the charging policy applied at three supported living units. Following a number of reports by Internal Audit, the Audit and Risk Management Committee has recommended to Cabinet that users at these units should have been charged at lower rates and should be reimbursed back to December 2000 for the amounts overcharged.
- 34** Cabinet has also commissioned an independent investigation into the whistleblower's allegations of bullying and harassment.
- 35** The Director of Adult Social Services has reported to members on progress against the original action plan in our PIDA report. The Council is taking forward the actions and we will continue to review and monitor the actions as part of our on-going work with the Council. Our review and subsequent reviews by the Council have confirmed the whistleblowers concerns around charging, financial control, compliance with policies and procedures and governance between 1997 and 2006.

## Procurement of highways and engineering services

- 36** During 2008/09 we received a PIDA disclosure in respect of the process for awarding the Highways and Engineering Services Procurement Exercise (HESPE) contract. The review is still progressing and we will be reporting to members shortly.

# Grant claims and returns 2009/10

**37** The 2008/09 grant claims and returns report was presented to the March 2010 meeting of the Audit and Risk Management Committee. We have started the 2009/10 programme and it is progressing to schedule:

- Housing and Council Tax Benefits Scheme - received from the Council 30 May 2010. We are carrying out early testing and are progressing well on this. Audit deadline 30 November 2010.
- National non-domestic rates grant - expected from Council 25 June 2010. Audit deadline 25 September 2010.
- Teachers' pensions return - expected from Council 30 June 2010. Audit deadline 30 November 2010.
- Disabled facilities grant - expected from Council 30 June 2010. Audit deadline 30 September 2010.
- Single programme grants - 4 grant claims expected from Council 30 June 2010. Audit deadline 30 September 2010.
- General Sure Start grant - expected from Council 31 July 2010. Audit deadline 31 October 2010.

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# Annual Audit Letter 2008/09

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## Key findings

**38** The Annual Audit Letter, presented to the Audit Committee meeting in March 2010 reported the outcome of the 2008/09 audit programme:

- Wirral Council Opinion and Value for Money Conclusion - unqualified opinion and value for money conclusion given 30 September 2009;
- Merseyside Pension Fund Opinion - unqualified opinion given 30 September 2010
- use of resources assessment - scored 2 for all criteria (performing adequately).

**39** The reports completed to support our findings and dates of issue are shown below. All reports are presented to the Audit and Risk management Committee and copies can be obtained from the Council. Internal Audit follows up progress on the action plans.

- Annual Governance Report 2008/09 - Wirral Council, September 2009
- Annual Governance Report 2008/09 - Merseyside Pension Fund, September 2009
- Auditor's report 2008/09 containing opinion on Wirral Council's accounts and value for money conclusion, 30 September 2009
- Auditor's report 2008/09 containing opinion on Merseyside Pension Fund's accounts, 30 September 2009
- Improvement through better financial management 2008/09, September 2009
- Governance of partnerships 2008/09, June 2009
- Ethical governance diagnostic 2008/09, June 2009
- Triennial review of Internal Audit 2008/09, December 2009
- Data quality spot checks 2008/09, December 2009
- Performance management interim report 2008/09, August 2009
- Community cohesion 2008/09, September 2009
- Procurement and commissioning 2008/09, November 2009
- Grant claims and returns (2007/08 programme), December 2009
- Annual audit letter 2008/09, December 2009
- Grant claims and returns 2008/09, March 2010

# The audit team and key contacts

- 40** The key members of the audit team for the 2009/10 audit have not changed from that set out in our opinion and value for money plans. The current team is shown in the table below.
- 41** I can confirm that the audit is being carried out in accordance with the Audit Commission's policies on integrity, objectivity and independence and there are no conflicts to report to members.

**Table 5 Audit team**

Name	Contact details	Responsibilities
Mike Thomas District Auditor	<a href="mailto:m-thomas@audit-commission.gov.uk">m-thomas@audit-commission.gov.uk</a> 0844 7987043 or 07879 667712	Overall delivery and reporting of the audits of the Council and Merseyside Pension Fund including quality and outputs. Signing the opinion, conclusion and certificate. Liaison with the Director of Finance and Chief Executive.
Liz Temple-Murray Audit Manager	<a href="mailto:l-temple-murray@audit-commission.gov.uk">l-temple-murray@audit-commission.gov.uk</a> 0151 666 3483 or 07769 887358	Manages, quality assures and coordinates the different elements of the audit work on Wirral Council (including liaison with the Pension Fund Audit Manager). Key point of contact for the Director of Finance, Head of Finance, Head of Pensions and Chair of the Audit and Risk Management Committee. Annual Governance Report for Wirral Council.
Caroline Davies Audit Manager	<a href="mailto:caroline-davies@audit-commission.gov.uk">caroline-davies@audit-commission.gov.uk</a> 0151 666 3481	Supports the Audit Manager on Wirral Council. Manages, quality assures and coordinates the different elements of the audit work on Merseyside Pension Fund. Key point of contact for the Head of Pensions, the Financial Controller and the Chair of the Pensions Committee. Annual Governance Report for

## The audit team and key contacts

Name	Contact details	Responsibilities
		Merseyside Pension Fund.
Rob Metcalf Audit Team Leader	<a href="mailto:r-metcalf@audit-commission.gov.uk">r-metcalf@audit-commission.gov.uk</a> 0151 666 3484	Leads fieldwork and audit team on opinion and value for money conclusion work. Key point of contact for and liaison with the Head of Finance and the Chief Accountants.
Dave Wilson Performance Manager	<a href="mailto:da-wilson@audit-commission.gov.uk">da-wilson@audit-commission.gov.uk</a> 0844 7987333 or 0774 8930598	Manages, quality assures and coordinates some elements of the audit work on the value for money conclusion
Kath Johnson Phil Kuehnle and Tony Whitehead  Performance Specialists	<a href="mailto:ka-johnson@audit-commission.gov.uk">ka-johnson@audit-commission.gov.uk</a> 0844 7983579 <a href="mailto:p-kuehnle@audit-commission.gov.uk">p-kuehnle@audit-commission.gov.uk</a> 0844 798 3663 <a href="mailto:t-whitehead@audit-commission.gov.uk">t-whitehead@audit-commission.gov.uk</a> 0151 666 3509	Complete audit work on the value for money conclusion. Kath Johnson carries out the Managing Attendance review.

42 Wirral Council key officer contacts for the audit are set out in the table below.

**Table 6 Wirral Council key officer contacts**

Key officers of the Wirral Council team

Name	Contact details	Responsibilities
Stephen Maddox Chief Executive	<a href="mailto:stephenmaddox@wirral.gov.uk">stephenmaddox@wirral.gov.uk</a> 0151 691 8589	Accountable Officer Governance framework and signing the Annual Governance Statement.
Ian Coleman Director of Finance	<a href="mailto:iancoleman@wirral.gov.uk">iancoleman@wirral.gov.uk</a> 0151 666 3056	Section 151 Officer Preparation and certification of accounts that present fairly the financial position of Wirral Council at 31 March 2010. Preparation and certification of accounts that present fairly the

## The audit team and key contacts

Name	Contact details	Responsibilities
		financial position of Merseyside Pension Fund at 31 March 2010. Agreement of final AGRs. Lead officer for the value for money conclusion.
Bill Norman Director of Law, Asset Management and HR	<a href="mailto:billnorman@wirral.gov.uk">billnorman@wirral.gov.uk</a> 0151 691 8498	Monitoring Officer Considering the legality of transactions.
Tom Sault Head of Financial Services	<a href="mailto:tomsault@wirral.gov.uk">tomsault@wirral.gov.uk</a> 0151 666 3407	Preparation and quality assurance of Wirral Council's accounts. Agreement of draft AGR for Wirral Council. Key contact for the value for money conclusion.
Jenny Spick Chief Accountant - Operations	<a href="mailto:jennyspick@wirral.gov.uk">jennyspick@wirral.gov.uk</a> 0151 666 3582	Preparation of accounts and coordination and liaison during the audit.
Dave Garry Chief Internal Auditor	<a href="mailto:davegarry@wirral.gov.uk">davegarry@wirral.gov.uk</a> 0151 666 3387	Review of and assurance on risk management, corporate governance and financial control.

### Wirral Council

43 Wirral Council key member contacts for the audit are set out below:

#### Table 7 Wirral Council key member contacts

Key members involved in the audit have changed with the new administration

Name	Contact details	Responsibilities
Councillor Jeff Green Council Leader	<a href="mailto:jeffgreen@wirral.gov.uk">jeffgreen@wirral.gov.uk</a>	Governance framework and signing the Annual Governance Statement
Councillor Simon Mountney Chair of the ARMC	<a href="mailto:simonmountney@wirral.gov.uk">simonmountney@wirral.gov.uk</a>	Approves and signs the accounts on behalf of the Council

### Wirral Council

- 44** In addition, all members of the Audit & Risk Management Committee are responsible for:
- Considering both the Council's and MPF's statements of accounts prior to approval by 30 June
  - The responsibilities of the Council under section 151 of the Local Government Act 1972 to make proper provision for its financial affairs.
- 45** At the meeting in September members will need to consider the post audit financial statements and our Annual Governance Reports which set out the key issues that you should consider before we complete the audits. Members will be required to:
- consider the matters raised in the reports before approving the financial statements
  - take note of any adjustments to the financial statements set out in the reports
  - agree to adjust any errors in the financial statements which management has declined to amend or set out the reasons for not amending the errors
  - approve the letters of representation on behalf of the Council before the District Auditor issues his opinions and value for money conclusion; and
  - agree the Council's response to the proposed action plans



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# Members' resources

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## Audit Commission information for members

- 46 The Audit Commission has developed councillor update newsletters which are available on the website. These online resources have been developed to meet the needs of members of councils. It is hoped that they will assist you in fulfilling your challenging role.

### Councillor Update newsletters

- 47 These newsletters are aimed specifically at councillors and are available at the following link <http://www.audit-commission.gov.uk/localgov/keepmeuptodate/Pages/councillorupdate.aspx> . They summarise information about the Commission and its' activities. To ensure you receive Councillor Update as soon as it is published, you can [subscribe to future editions](#). The latest edition (March 2010) contains the following relevant information:

### Upcoming reports

- National Fraud Initiative 2008/09. This report will set out the successes of NFI in helping protect 'UK PLC' from fraud and wrongful payments, explain what more could be done by government and participants and detail how NFI will develop to meet new fraud challenges.
- Financial implications of personalised social care budgets. We are looking at the costs and benefits of giving individuals control of social care budgets; what would it mean for accountability and councillors?
- Older teenagers not in education, employment or training. How much do we spend on young people who are 'NEET' from council, college, training, police and Department of Work and Pensions budgets? We could join up budgets and save costs.
- Strategic financial management. This looks at the role of finance directors, audit committees, cabinets and backbench councillors in spending and accounting for public money. This study builds on our previous report: World Class Financial Management.

### Published reports:

- Countdown to IFRS - Identifying and accounting for leases, 17 March 2010. Councillors have a part to play in preparing for International Financial Reporting Standards (IFRS), especially those on finance and audit committees. Alongside a general briefing on IFRS, the Commission published a checklist for members with finance responsibilities. See below.



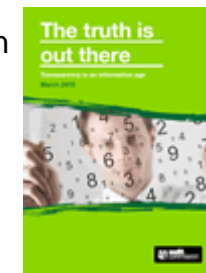
- By mutual agreement, 16 March 2010. Severance deals serve councils and the taxpayer. But our research shows that not all pay-offs are justified. Competent chief executives sometimes lose their jobs needlessly, and less effective individuals have been paid-off rather than dismissed.



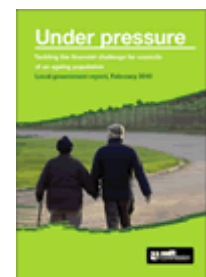
- Healthy balance, 11 March 2010. Does your ward have a high number of teenage pregnancies, or is there growth in childhood obesity? This briefing says the NHS allocated £21 billion in 2009/10 on the basis of inequalities in health between areas. The impact of the spending is unclear.



- The truth is out there: A discussion paper, 5 March 2010. Information is essential: it helps you make better decisions. Making more and better information available to the public should help them evaluate the decisions their elected representatives are making, what public money is spent on and with what result. This discussion paper looks at how councils and health trusts, social workers, doctors and police can improve data and analysis made available to the public.



- Under pressure: Tackling the financial challenge for councils of an ageing population, 18 February 2010. Councils need to understand the nature and needs of residents who are ageing. The report stresses growth in the number of older citizens affects all services. We need better working across boundaries.



- Giving children a healthy start: A review of health improvements in children from birth to five years, 3 February 2010. Have the large sums spent on young children from 1999 to 2009 improved their health? The study examines local service planning and delivery, and how councils and primary care trusts can improve services and access for vulnerable groups, lone and teenage parents and black and minority ethnic communities.



48 The following link will also take you to the most up to date list of national studies <http://www.audit-commission.gov.uk/localgov/nationalstudies/pages/default.aspx>

### Countdown to IFRS - a checklist for members

- 49** This report is included in the list above and is brought to members' attention as it is a fundamental change in financial reporting. From 2010/11 local government will be required to prepare accounts in accordance with international accounting standards (IFRS). A failure to achieve successful transition to IFRS would cause significant reputational damage not only to individual authorities but to the local government sector as a whole.
- 50** Poor preparation will heighten the risk that accounts will not meet requirements and so attract a qualified auditor's opinion or be published late. At a practical level, there is a risk that avoidable additional costs will be incurred if the implementation timetable is not well managed or is allowed to slip. The transition process is a real test of self regulation by local government.
- 51** The audit committee (or its equivalent) needs to be sufficiently aware of the requirements of IFRS to ensure the transition project is on track. In order to help members discuss their IFRS transition plan with relevant officers we have set out a number of suggested questions in a checklist available at the following link:  
<http://www.audit-commission.gov.uk/localgov/audit/auditmethodology/financialmanagement/ifrs/Pages/ifrsmemberbriefing.aspx>

# The Audit Commission

The Audit Commission is an independent watchdog, driving economy, efficiency and effectiveness in local public services to deliver better outcomes for everyone.

Our work across local government, health, housing, community safety and fire and rescue services means that we have a unique perspective. We promote value for money for taxpayers, auditing the £200 billion spent by 11,000 local public bodies.

As a force for improvement, we work in partnership to assess local public services and make practical recommendations for promoting a better quality of life for local people.

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## Copies of this report

If you require further copies of this report, or a copy in large print, in Braille, on tape, or in a language other than English, please call 0844 798 7070.

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