

Audit Commission Progress Report

Wirral Council

Audit 2009/10

Date **13 September 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:

Fees

- The new coalition government has stated that it is abolishing the Audit Commission. We will keep members informed of the impact on the audit and on fees (paragraph 2).
- There will be an additional charge of £20k in respect of work carried out to consider the concerns raised by a number of staff under the Public Interest Disclosure Act (PIDA) in respect of the Highways and Engineering Services Procurement Exercise (HESPE). The report is being presented to this meeting of the Audit and Risk Management Committee (paragraph 16).

Opinion on the statement of accounts

2009/10

- Our Annual Governance Report (AGR) is being presented to this meeting of the Audit and Risk Management Committee (paragraph 22).
- We have updated the milestones and deadlines to show progress on the opinion audit (paragraph 29 and Table 2)

2010/11

- Progress on implementing International Financial Reporting Standards (IFRS) has moved from 'red' in November 2009 to 'amber' at the end of July 2010 (paragraph 25).

Value for money conclusion 2009/10

- Our review of managing attendance is complete and is reported to members at this meeting of the Audit and Risk Management Committee (paragraph 33).
- The value for money conclusion is reported in the AGR being presented to this meeting of the Audit and Risk Management Committee (paragraph 32).

Public Interest Disclosure Act (PIDA) work

- Work on the PIDA in respect of the Directorate for Adult Social Services (DASS) continues (paragraph 36).

- Work on the PIDA in respect of the Highways and Engineering Services Procurement Exercise (HESPE) is now complete and is being reported to this meeting of the Audit and Risk Management Committee (paragraph 40).

Grant claims and returns 2009/10

- Grant claims work is progressing to schedule (paragraph 41)

Audit team and key contacts

- There is no proposed change to the current team (paragraph 44).

Members' resources

- Members' resources have been updated with the latest reports published by the Audit Commission. We have also provided a full list of International Financial Reporting Standards (IFRS) reports and briefings for management and members (paragraph 50).

Audit plan

Audit Commission

- 2 The Secretary of State for Communities and Local Government announced on 13 August that the Audit Commission would be abolished in 2012/13. The Audit Commission is currently considering how this will be managed and plans are underway to develop an audit practice to continue external audit in the public sector. We will keep members up to date about the impact on external audit at Wirral and on how this will affect fees.

2010/11 plan

- 3 The letters with the proposed fees for 2010/11 for audit and assessment were agreed with officers in April and were presented to members on 30 June 2010. Alongside the audit fees letter we presented 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

Audit fee

- 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). The implication for the inspection fee will be updated when the position has been agreed.

National Fraud Initiative (NFI)

- 9 We presented the work programme and scale of fees for NFI 2010/11 to members on 30 June 2010. 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.

Other work

- 10 There will be an additional charge of £20k in respect of work carried out to consider the concerns raised by a number of staff under the Public Interest Disclosure Act (PIDA) in respect of the Highways and Engineering Services Procurement Exercise (HESPE).

2009/10 plan

- 11 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.
- 12 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.
- 13 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. Our Annual Governance Report being presented to members today confirms that the fee remains adequate.

Public interest disclosure act (PIDA) work

- 14 We have continued to carry out work on the PIDA in respect of Directorate of Adult social Services (DASS) and we received a further PIDA on procurement. These

Audit plan

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.

PIDA DASS

- 15 We are continuing to monitor the Council's actions in dealing with the issues raised and do not at present anticipate any further fee.
- 16 Our report on the PIDA regarding the HESPE is being presented to members today. It indicates that there will be an additional fee of £20,000 for our work.

Opinion 2009/10

- 17** 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 proposed 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.
- 18** There is a separate Opinion plan and progress report in respect of Merseyside Pension Fund's financial statements.
- 19** 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.

Knowledge of the main financial systems and controls testing

- 20** 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 other than the risks identified in the plan and updated in our last progress report.

Reliance on internal audit

- 21** 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.

Audit of the financial statements

- 22** Our audit of the approved financial statements is substantially complete and is reported to this meeting in the 2009/10 Annual Governance Report (AGR).
- 23** During the audit we considered the additional risks that are appropriate to the current financial statements audit and set them out in a table in our last progress report. Our findings against these risks are set out in the AGR.

Audit plan

Chief Accountants' workshops

- 24 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) 2010/11

- 25 2010/11 is the first year that the accounts need to be prepared in accordance with IFRS. However, councils are required to implement some elements for the 2009/10 accounts and this is reported in the AGR.
- 26 We completed an initial survey of preparedness for IFRS in November 2009 and assessed the Council as 'red' risk overall. This was due to the following:
- The timetable was not in line with Chartered Institute of Public Finance and Accounting (CIPFA) guidance
 - The new asset management system was not being implemented till February 2010 and we had reported material weaknesses in asset records in our 2008/09 audit of accounts
 - The Council had a complex Private Finance Initiative PFI scheme that would need to be considered for inclusion on the balance sheet (this impacted the 2009/10 accounts)
 - Little work had been carried out to consider leases
- 27 We previously assessed group accounts and employee benefits as 'green'.
- 28 We now assess the Council as 'amber' overall.

Table 1 IFRS implementation 2010/11

The Council is assessed as 'amber' risk overall

Issue	Findings
Governance and oversight	The role of the Audit and Risk Management Committee in the implementation of IFRS has been limited
Timetable	The Council is not on track against its project plan. An impact assessment has been completed but opening balances have not been restated. Officers plan to restate the 2009/10 accounts and draft a model set of skeleton IFRS compliant financial statements including policies and notes before the end of December 2010
Non-current assets	We assessed the risk as 'amber'. Concerns remain regarding information required in respect of vehicles plant and

Issue	Findings
	equipment and infrastructure assets. The systems need to be set up to satisfy component accounting.
Leases and other lease type arrangements	We assessed the risk as 'red'. There has been no review of leases and other lease type arrangements to determine the appropriate accounting treatment for these.
Employee benefits	We assessed the risk as 'amber' Although systems are in place, the 2009/10 accrual for holiday pay has not yet been calculated. A new payroll and HR system is planned.
Group accounts	We assessed the risk as 'green'. The Council does not currently have any arrangements that would require it to produce group accounts.

Audit Commission survey 30 July 2010

Update to opinion plan

29 The tables below update our opinion plan for members. Overall there has been some delay although we are still planning to meet the deadline for giving an opinion on the accounts and value for money conclusion by 30 September 2010.

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 significant 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

There has been some delay although we still expect to give the opinion on the accounts and value for money conclusion by the deadline of 30 September 2010

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
Presentation of Opinion Plan to ARMC 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	18 January 2010 (papers by 29 December)	Completed to plan
ISA+ 315 knowledge of the entity	January 2010	Completed to plan
Control testing	February 2010	Completed to plan
ARMC consider draft Annual Governance Statement Update of Opinion Plan presented to ARMC	24 March 2010 (papers by 10 March)	AGS considered at ARMC March 2010 Opinion plan updated in progress reports.
ARMC member training (proposed)	May/early June 2010	In progress
Early substantive pre-statements testing	Mid June 2010	Complete
Receipt of pre-audit accounts by ARMC and auditor	14 June 2010	Pre-audit accounts received by ARMC and auditor 25 June 2010
Working papers provided to the auditor	By 30 June 2010	Some received 5 July 2010 and remaining provided throughout the audit
Pensions Committee to challenge accounts and make recommendations to ARMC	Before ARMC meeting (by 30 June 2010)	Pensions Committee meeting held 28 June 2010 as planned
ARMC to challenge and approve accounts, including Annual Governance Statement and Pension Fund Statements. Finance to present pre-audit statement of accounts and covering	By 30 June 2010 (papers out by 16 June)	ARMC meeting held 30 June 2010 as planned

Task	Deadline	Update and progress
report		
Start of detailed testing on main statements	30 June 2010	Delayed due to delay in accounts and working papers
Completion of fieldwork on main statements	6 August 2010	Fieldwork completed where we had adequate working papers provided at the start of the audit. Fieldwork completed on PFI on 25 August - delayed due to complexity of issues, eg foundation schools.
Receipt of WGA and working papers	8 July 2010	Received 19 July 2010
Completion of fieldwork on WGA	6 August 2010	Completed 26 August - delayed due to delay in Audit Commission guidance.
Progress meetings - post statements	Weekly	Completed to plan
Agreement of errors and uncertainties for Finance to complete covering reports and amend statements	20 August 2010	Completed to plan - some working papers; decisions regarding amendment and PFI issues outstanding.
Draft Annual Governance Reports from Audit Commission to officers	3 September 2010	Completed 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	Met Director of Finance on 7 September - to plan. Ongoing issues at 13 September are highlighted in the reports. Final draft shared with Chair ARMC at meeting 13 September 2010.
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 MPF AGR sent to officers 13 September 2010

Audit plan

Task	Deadline	Update and progress
<p>ARMC to receive Annual Governance Reports, including any verbal update on outstanding issues (Wirral and MPF)</p> <p>Finance to present covering reports and post-audit statements</p>	<p>By 30 September 2010</p> <p>Papers out by 13 September 2010</p>	<p>Now confirmed for 28 September 2010. Wirral Council AGR sent to officers 15 September 2010.</p> <p>Final draft shared with ARMC Chair 13 September 2010.</p>
Final check of post-audit statements	By 30 September 2010	Expected to plan
Issue of opinions by the District Auditor	By 30 September 2010	Expected to plan
Audited accounts published by the Council	By 30 September 2010	Expected to plan
Whole of Government Accounts return submitted	1 October 2010	Expected to plan

Value for money conclusion 2009/10

- 30** 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.
- 31** 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.
- 32** We substantially completed our work on the assessment for the value for money conclusion 2009/10 in April 2010. We met with the Director of finance on 20 April 2010 to discuss preliminary feedback and are 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

- 33** 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 is being presented to members at this meeting of the Audit and Risk Management Committee.

Update to value for money conclusion plan

- 34** 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

Value for money conclusion 2009/10

November - March 2010	Fieldwork	Completed to plan
January 2010	VFM profile tools available from the Audit Commission	Slight delay but now complete
January 2010	Plan to the Audit & Risk Management Committee	Completed
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 by May 2010. Report discussed and final agreed subject to completion of action plan. Now agreed and being presented to ARMC 28 September 2010.
June/July 2010	Consideration of final evidence of outcomes and agreement of draft value for money conclusion	Completed to plan
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	Sent 3 September 2010 as planned

Value for money conclusion 2009/10

Mid September	Final Annual Governance Report to members	Required 13 September 2010. Final draft shared with ARMC Chair 13 September 2010. Final published version sent to officers 15 September 2010.
Late September 2010	Audit & Risk Management Committee (papers out 2 weeks before)	Now confirmed as 28 September 2010
October/November 2010	Draft organisational assessment report shared with the Council	CAA abolished - work on organisational assessment has stopped
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.

PIDA work

- 35** Work on two PIDA disclosures in respect of adult social services and the Highways and Engineering Services Procurement Exercise (HESPE) continues.
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Adult social services

- 36** 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.
- 37** 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. We have confirmed that this is reflected in the statement of accounts.
- 38** Cabinet has commissioned an independent investigation into the whistleblower's allegations of bullying and harassment. The Leader of the Council has also commissioned an independent review to confirm that all issues raised by the whistleblower have been appropriately dealt with.
- 39** 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

- 40** 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 being reported to members at this meeting of the Audit and Risk Management Committee.

Grant claims and returns 2009/10

- 41** 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 - received from the Council by 25 June 2010. Audit deadline 25 September 2010.
 - Teachers' pensions return - received from the Council by 30 June 2010. Audit deadline 30 November 2010.
 - Disabled facilities grant - received from the Council by 30 June 2010. Audit deadline 30 September 2010.
 - Single programme grants - 4 grant claims received from the Council by Council 30 June 2010. Audit deadline 30 September 2010.
 - General Sure Start grant - received from the Council by 31 July 2010. Audit deadline 31 October 2010.

Annual Audit Letter 2008/09

Key findings

42 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).

43 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

- 44** 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.
- 45** 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	m-thomas@audit-commission.gov.uk 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 councillors, the Chief Executive and corporate and service directors
Liz Temple-Murray Audit Manager	l-temple-murray@audit-commission.gov.uk 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	caroline-davies@audit-commission.gov.uk 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.

The audit team and key contacts

Name	Contact details	Responsibilities
		Annual Governance Report for Merseyside Pension Fund.
Rob Metcalf Audit Team Leader	r-metcalf@audit-commission.gov.uk 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	da-wilson@audit-commission.gov.uk 0844 7987333 or 0774 8930598	Managed, quality assured and coordinated some elements of the audit work on the value for money conclusion
Kath Johnson Phil Kuehnle and Tony Whitehead Performance Specialists	ka-johnson@audit-commission.gov.uk 0844 7983579 p-kuehnle@audit-commission.gov.uk 0844 798 3663 t-whitehead@audit-commission.gov.uk 0151 666 3509	Completed audit work on the value for money conclusion. Kath Johnson carried out the fieldwork on the Managing Attendance review. Tony Whitehead carried out the fieldwork on the HESPE PIDA.

46 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	stephenmaddox@wirral.gov.uk 0151 691 8589	Accountable Officer Governance framework and signing the Annual Governance Statement.
Ian Coleman Director of Finance	iancoleman@wirral.gov.uk 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	billnorman@wirral.gov.uk 0151 691 8498	Monitoring Officer Considering the legality of transactions.
Tom Sault Head of Financial Services	tomsault@wirral.gov.uk 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	jennyspick@wirral.gov.uk 0151 666 3582	Preparation of accounts and coordination and liaison during the audit.
Dave Garry Chief Internal Auditor	davegarry@wirral.gov.uk 0151 666 3387	Review of and assurance on risk management, corporate governance and financial control.

Wirral Council

47 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	jeffgreen@wirral.gov.uk	Governance framework and signing the Annual Governance Statement
Councillor Simon Mountney Chair of the ARMC	simonmountney@wirral.gov.uk	Considers, approves and signs the accounts on behalf of the Council

Wirral Council

The audit team and key contacts

48 In addition, all members of the Audit & Risk Management Committee are responsible for:

- Considering both the Council's and Merseyside Pension Fund's (MPF's) statements of accounts prior to approval by 30 June. This includes the Annual Governance Statement in the Council's accounts,
- The responsibilities of the Council under section 151 of the Local Government Act 1972 to make proper provision for its financial affairs.

49 At the meeting in September members need to consider the post audit financial statements for the Council and MPF and our Annual Governance Reports (AGRs) 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 AGRs 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

Members' resources

Audit Commission information for members

- 50** 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

- 51** These newsletters are aimed specifically at councillors and are available at the following <http://www.audit-commission.gov.uk/localgov/nationalstudies/pages/default.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? We expect to publish a national report in September/October 2010.
- A new finance improvement tool will help councils respond to the financial impact of an ageing population. The tool, available on the [Improvement Network \(external link\)](#) from 16 September, is based on the areas for challenge and review identified in [Under Pressure: Tackling the Financial Challenge for Councils of an Ageing Population \(AC external website\)](#). (Published 18 February 2010 - see below)

Published reports:

Latest releases



- **Strategic financial management in councils**, 8 September 2010. Delivering services with a reduced income. In our latest report, we reveal how organisations that manage their finances strategically are more adaptable and resilient when money is tight, and how other councils can learn from them. Councils need to make some urgent and tough decisions. 'Strategic financial management in councils' is aimed at all council staff, especially those who hold the purse strings of local government. In it, we point out potential financial pitfalls, highlight successes, and feature a value for money self-assessment questionnaire that can be used locally. The findings in the report are supported by a good-practice checklist that describes the key issues for improving financial management. Councillors and managers can use the checklist to evaluate their current approach to financial management.



- **Local government pensions in England** - an information paper - 29 July 2010. In our latest information paper, we examine the long-term affordability of the Local Government Pension Scheme, and look at steps that could be taken to put it on a better financial footing.
- **Local government claims and returns**, 27 July 2010. The level of amendments and the number of qualification letters issued by auditors in 2008/09 shows some authorities can improve their preparation of claims and returns. The first Audit Commission annual report on certification work, published on Thursday 29 July, shows that in 2008/09 Audit Commission auditors certified claims and returns from local authorities for schemes covering £45.6 billion of public money. Auditors agreed amendments to claims and returns totalling £54.5 million. Eight schemes had total amendments over £1 million and auditors qualified 673 (24 per cent) claims and returns. For the housing and council tax benefits scheme, 85 per cent of benefits claims had qualifications or amendments or both. Certification of 2008/09 claims and returns cost local authorities £18.7 million which is 0.04 per cent of the total value certified. [Local government claims and returns: The Audit Commission's report on certification work 2008/09 \(July 2010\) \(AC external website\)](#)



- Against the odds. Re-engaging young people in education, employment or training** - 7 July 2010. We reveal how councils need a new approach in getting to grips with the needs of their local teens, in order to make scarce resources work harder for those at greatest risk of long-term unemployment.



- A review of collaborative procurement across the public sector**, 21 May 2010. The National Audit Office and the Audit Commission have jointly produced this review. It draws on Audit Commission research in local government, carried out during the autumn of 2009. The review finds that although collaborative procurement has the potential to improve value for money, the public sector procurement landscape is fragmented, with no overall governance. Consequently, public bodies are incurring unnecessary administration costs by duplicating procurement activity, and they are paying a wide range of prices for the same commodities, even within existing collaborative arrangements. It recommends that, given the size of public sector procurement spend and the potential to significantly improve value for money, public bodies should work together much more effectively than they currently do. And there should be a clear framework to coordinate public sector procurement activity.

- 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.

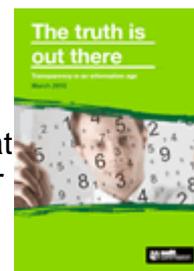


Members' resources

- **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.



52 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>

International Financial Reporting Standards (IFRS)

- 53** We have listed the IFRS reports and briefings available on the Audit commission website for management and members.

Countdown to IFRS - a checklist for members, 17 March 2010

- 54** 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.
- 55** 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.
- 56** 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>

Complete list of resources

- [Countdown to IFRS: Accounting for employee benefits - 15 July 2010](#)
Issues authorities may face when accounting for employee benefits.
- [Countdown to IFRS: Managing the practical implications of restating non-current assets - 17 June 2010](#)
Guidance on managing the practical implications of restating non-current assets.
- [Countdown to IFRS: Summary paper - 8 June 2010](#)
A guide for senior managers and members.
- [Countdown to IFRS: Accounting for non-current assets - 17 May 2010](#)
Introducing international financial reporting standards (IFRS) for Accounting for non-current assets.
- [Countdown to IFRS - Checklist for councillors - 17 March 2010](#)
Councillors checklist - discussing IFRS transition plans with officers.
- [Countdown to IFRS - Identifying and accounting for leases - 17 March 2010](#)
Issues arising from the introduction of International Accounting Standard (IAS) 17: Leases.

Members' resources

- [Countdown to International Financial Reporting Standards \(IFRS\) - 19 February 2010](#)
Implementation of IFRS in local government.
- [IFRS briefing paper 3 for local government - 4 May 2009](#)
Managing the transition to IFRS.
- [IFRS briefing paper 2 for local government - 1 September 2007](#)
The move to international financial reporting standards - how can your auditor help?
- [IFRS briefing paper 1 for local government - 1 May 2007](#)
The move to international financial reporting standards.

57 Further local government briefings will follow, which will focus on the main technical issues.

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.

Copies of this report

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