



Grant Thornton

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Audit Progress Report

17 January 2013

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Please be aware that we would wish to scan this opinion in whole or in part onto our electronic database to be available for our internal tax practice to access. We might also wish to copy it to interested clients or their advisors on request.

Audit Progress Report as at January 2013

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GRANT THORNTON AUDIT PROGRESS REPORT FOR THE AUDIT COMMITTEE

Fees

2012/13 fees

- 1 The fees for 2012/13 were determined by the Audit Commission and set out in the Audit Fee letter presented to the Audit and Risk Management Committee on 26 November 2012:
 - audit of the financial statements including the whole of government accounts and value for money conclusion £211,680;
 - certification of grant claims and returns £42,600;
 - pension fund audit £36,882
- 2 The fees are the Commission's best estimate of the fee required to carry out the audit where an audited body has no significant risks and has in place a sound control environment, materially accurate financial statements and good working papers are provided to deadlines. If any additional work is required we will discuss this with officers and fees will be reviewed and updated as necessary.

2013/14 fees

- 3 The Audit Commission is consulting on its 2013/14 proposed work programme and scales of fees and plans to publish the final work programme and scales of fees for 2013/14 in April 2013. There are no plans to make any changes to the work programme for 2013/14. The Audit Commission therefore proposes that scale audit fees are set at the same level as the fees applicable for 2012/13. Consultation closes on 8 February 2013.

Additional non-audit work

- 4 At the briefing of the Audit and Risk Management Committee on 15 November 2012 I informed members that Grant Thornton Forensics Department had bid for and won a tender to carry out an independent review of Wirral Council's BIG and ISUS schemes following issues raised by members of the public. I am required by International Auditing Standards to make you aware of this additional work and to consider if there are any independence or ethical issues arising from the work. In addition I am required to comply with rules put in place by the Audit Commission regarding the acceptance of such work.
- 5 I can confirm that this work has been considered by me and the Director of Audit Quality and Compliance at Grant Thornton and we have concluded that it does not pose any threat to our auditor independence as your external auditor. The review is being undertaken by Grant Thornton's Forensic Team which has separate management and review procedures to the Audit Team. The Audit Team retains the independence required under the Audit Commission Act 1998 should a formal objection be placed. For your information:
 - The fee for the work was agreed at £39,000
 - The Grant Thornton lead for the Forensics Team is Rob Hampson
 - The Council lead is Peter Timmins

Independence of the Audit Team

- 6 There are no independence issues within the Audit Team that we currently need to bring to your attention.

Progress on the audit

- 7 The table below shows each element of our work and the expected outputs. As at January 2013 all audit and certification work for the Council and Merseyside Pension Fund is on

track or the start date is not yet due. From our planning work this year, there are no fraud or possible illegal acts that we have become aware of that we need to bring to your attention. Your previous auditors identified a number of significant deficiencies and material weaknesses in the Council's internal control and these and others have been the subject of reports to members by Council officers during 2012/13.

- 8 Our Audit Plans will be completed following completion of our planning and interim work and will consider our approach to the audit of accounts and the risks raised by your previous auditors in the 2011/12 qualified value for money conclusion.

Phase of work	Timing	Outputs	Comments	Progress
Wirral Council				
Audit planning and interim audit	November 2012 to March 2013	Audit plan	The plan summarises the findings of our audit planning and our approach to the audit of the Council's accounts and VFM.	On track.
Final accounts audit	June to September 2013	Report to those charged with governance. Opinion on the financial statements.	This report will set out the findings of our accounts audit and VFM work for the consideration of those charged with governance.	Not yet started
VFM conclusion	January to September 2013	Report to those charged with governance. Value for money conclusion.	As above.	On track.
Financial resilience	January to September 2013	Financial resilience report	Report summarising the outcome of our work.	On track.
Whole of government accounts (WGA)	August - September 2013	Opinion on the WGA return	This work will be completed alongside the accounts audit.	Not yet started.
Annual audit letter	October 2013	Annual audit letter to the Council	The letter will summarise the findings of all aspects of our work.	Not yet started.

Phase of work	Timing	Outputs	Comments	Progress
Grant certification	June to December 2013	Grant certification report	A report summarising the findings of our grant certification work	Not yet started. we are planning to certify two grants in 2012/13 – Housing and Council Tax Benefit and ; National Non Domestic Rates
Merseyside Pension Fund				
Audit planning and interim audit	November 2012 to March 2013	Audit plan	The plan summarises the findings of our audit planning and our approach to the audit of the Pension Fund's accounts	On track
Final accounts audit	June to September 2013	Report to those charged with governance. Opinion on the Pension Fund statements.	This report will set out the findings of our accounts audit work for the consideration of those charged with governance	Not yet started

Other work that informs our audit

- 9 **Questions and objections:** we have received a number of questions from members of the public that we are taking into account in the normal course of our audit.

LGA Improvement Board: Mike Thomas continues to attend the LGA Improvement Board at the request of the Council.

Grant Thornton workshops and reports

- 10 **Joint accounts workshops** being run by Grant Thornton and CIPFA for Council officers in Chester on 6 February 2013 and Manchester on 14 February 2013.
- 11 **'Towards a Tipping Point?'** report: This report provides a summary of the key issues, trends and good practice that have emerged from our second national programme of financial health reviews. (December 2012). There is also a **lunchtime webinar on Wednesday 30 January 2013** to present the summary findings of the financial health checks of English local authorities, the concept of a tipping point and any post-launch update.

Audit Commission reports

- 12 **Auditing the accounts 2011/12:** Quality and timeliness of local public bodies' financial reporting (13 December 2012)

- 13 **'Striking a balance'** presents the Audit Commission's findings from research undertaken during 2012 on the level of reserves that councils hold and on the decisions councils make relating to them (6 December 2012)
- 14 **Tough times 2012** - Councils' responses to a challenging financial climate (21 November 2012)
- 15 **Protecting the public purse 2012** - Fighting fraud against local government (8 November 2012).

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