

## WIRRAL COUNCIL

### AUDIT & RISK MANAGEMENT COMMITTEE

17 SEPTEMBER 2014

|                                     |                                      |
|-------------------------------------|--------------------------------------|
| <b>SUBJECT</b>                      | <b>STATEMENT OF ACCOUNTS 2013/14</b> |
| <b>WARD/S AFFECTED</b>              | <b>ALL</b>                           |
| <b>REPORT OF</b>                    | <b>DIRECTOR OF RESOURCES</b>         |
| <b>RESPONSIBLE PORTFOLIO HOLDER</b> | <b>COUNCILLOR PHIL DAVIES</b>        |
| <b>KEY DECISION</b>                 | <b>YES</b>                           |

#### 1.0 EXECUTIVE SUMMARY

- 1.1. The Council Constitution allocates responsibility for the approval of the Statement of Accounts to the Audit & Risk Management Committee. The Statement for 2013/14 was published on 30 June 2014 and was then subject to audit. The Council's external auditor, Grant Thornton LLP will present their findings, within the Audit Findings Report (AFR) together with any additional update, to this meeting.
- 1.2. Members are requested to consider the findings of Grant Thornton, agree the Letter of Representation, agree any actions for 2014/15 and then approve the arrangements for the finalisation of the Statement of Accounts for 2013/14. This is in order for them to be published by the statutory deadline of 30 September 2014.
- 1.3. The Statement of Accounts includes the Merseyside Pension Fund (MPF) accounts as Wirral Council is the Administering Authority for MPF. As the MPF receives a separate Audit Findings Report this has to be considered by Pensions Committee and also this Committee as part of approving the Accounts.

#### 2.0 BACKGROUND AND KEY ISSUES

##### INTRODUCTION

- 2.1. The purpose of the Statement of Accounts is to present the overall financial position of the Council at 31 March 2014 in accordance with prescribed guidance – the Code of Practice on Local Authority accounting in the United Kingdom (the Code). This is updated annually and specifies the accounting principles and practices required to prepare a Statement of Accounts which present a true and fair view of the financial position.
- 2.2. The Accounts and Audit Regulations 2003, as amended in 2011, state that the Statement of Accounts must be approved by an appropriate Committee no later than 30 September. The Director of Resources was required to certify the Accounts by 30 June 2014. At that date, the Accounts were issued to all Members of this Committee and made publicly available.
- 2.3. On 10 September 2014 a briefing session was held for Members of this Committee with the session open to all Members of the Council entitled 'Understanding the Council's published final accounts'. The session included:-

- An overview of the role of the Audit and Risk Management Committee, including legal requirements, roles, responsibilities and the closure of accounts process;
- The Statement of Accounts for 2013/14, which included a review of its contents, highlights of the key areas within the accounts and a general focus on the purpose of the Financial Statements;
- Changes in 2013/14 which covered the changes to the accounts;
- An overview of the Merseyside Pension Fund accounts for 2013/14 based on the more detailed presentation to Pensions Committee.

2.4 The Accounts published at 30 June are subject to audit. Under the Audit Commission Act 1998 and the Audit Commission Code of Audit Practice for Local Government Grant Thornton, as the Council's appointed external auditor, reports on the financial statements. As stipulated by the Regulations, these are to be reported prior to 30 September.

### **AMENDMENTS TO THE STATEMENT OF ACCOUNTS**

2.5 The amendments to the financial statements requested by Grant Thornton are detailed in the Audit Findings Report. Members are asked to consider whether or not they agree to the amendments which have been agreed by officers. The Auditor has, at the time of writing the report, identified a number of additional disclosure requirements, which the Council has agreed to make.

2.6 The Committee will be updated of further audit work and findings at the meeting on 17 September 2014. Alterations to the Statement of Accounts as part of the audit process maybe made up until 30 September. To facilitate the finalisation of the Statement of Accounts by the required deadline Members of the Committee are asked to give approval to arrangements for the agreement by the Committee of any revisions to the Statement of Accounts. It is proposed that the revisions will be agreed by the Director of Resources in consultation with the Chair of the Committee. Members will be informed of these changes at the earliest opportunity.

### **AUDITOR'S REPORT AND OPINION**

2.7 The Audit Opinion will be issued following Committee consideration of the Audit Findings Report, approval of any amendments to the Statement of Accounts and agreement of the Letter of Representation. Grant Thornton will issue their opinion before 30 September 2014 and state if the accounts are a true and fair view of the financial position of the Council at 31 March 2014.

2.8 The Auditor's report will be incorporated within the final version of the Statement of Accounts that will enable the accounts to be agreed and published by the statutory deadline of 30 September 2014. An unqualified opinion on the Accounts for 2013/14 is likely to be issued and publication of the Accounts will take place by the statutory deadline. There are anticipated to be no changes to the financial position that has been reported to Cabinet at its 7 July 2014 meeting.

2.9 The closure of accounts process is a key part of the Council's financial management processes and requires the input of substantial resources across the Council. This is necessary to deliver a smooth final accounts process and to allow Grant Thornton to carry out its audit within agreed timescales.

- 2.10 Grant Thornton received the statements and supporting working papers in accordance with the required deadline. However the issue of competing pressures within the Financial Services Division does remain as capacity is limited and the management of the pressures has proven to be a considerable challenge since the commencement of the current financial year.
- 2.11 The Council continues to improve and enhance its asset records and systems. There remains scope for further improvements, particularly with regard to Transport Related Infrastructure Assets for which work is being undertaken with the Technical Services Department and which will be required for the 2016/17 Statement of Accounts.

### **3 LETTER OF REPRESENTATION**

- 3.1 The Letter of Representation has to be agreed by this Committee and a draft of the letter is included as an Appendix to this report. This may be subject to change following the outcome of the further work and any update to this meeting by Grant Thornton.

### **4 ANNUAL GOVERNANCE STATEMENT (AGS)**

- 4.1 This Statement is the subject of a separate report to this Committee and, although not required to be included in the Statement of Accounts, it is included as it shows how the Council has ensured the effectiveness of its systems for ensuring that it operates legally and that public money is properly used and accounted for.

### **5 RELEVANT RISKS**

- 5.1 Grant Thornton has identified a number of concerns in their report. If not addressed by the Council then there are potential risks that the Council will not be able to meet its statutory requirements in respect of the Statement of Accounts. There are also concerns relating to Value for Money and Financial Resilience of the Council.

### **6 OTHER OPTIONS CONSIDERED**

- 6.1 The Statement of Accounts has to be produced in accordance with statutory guidance and the Statement is then subject to review by the appointed Auditor.

### **7.0 CONSULTATION**

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

### **6.0 IMPLICATIONS FOR VOLUNTARY, COMMUNITY AND FAITH GROUPS**

- 6.1 There are none arising directly from this report.

### **7.0 RESOURCE IMPLICATIONS: FINANCIAL, IT, STAFFING AND ASSETS**

- 7.1 The amendments to the Statement of Accounts 2013/14 have not changed the level of General Fund balance or reserves and provisions at 31 March 2014 which remain as reported to Cabinet on 7 July 2014.
- 7.2 There are no IT or asset implications arising from this report.

## **8.0 LEGAL IMPLICATIONS**

8.1 It is a legal requirement to publish the Statement of Accounts by 30 September 2014.

## **9.0 EQUALITIES IMPLICATIONS**

9.1 There are no equality implications arising directly from the production of the Statement of Accounts so an Equality Impact Assessment (EIA) is not required. If requested then arrangements can be made to provide the Accounts in both different languages and formats.

## **10.0 CARBON REDUCTION AND ENVIRONMENTAL IMPLICATIONS**

10.1 There are none arising directly from this report.

## **11.0 PLANNING AND COMMUNITY SAFETY IMPLICATIONS**

11.1 There are none arising directly from this report.

## **12.0 RECOMMENDATIONS**

12.1 That Committee consider the Audit Findings Report presented by Grant Thornton noting the actions taken over the amendments to the Statement of Accounts as detailed in section 2 of this report.

12.2 That Committee agree to the Director of Resources being authorised to sign off the Councils' 2013/14 Statement of Accounts in consultation with the Chair of the Committee.

12.3 That the Director of Resources be authorised to sign off the Letter of Representation, in consultation, with the Chair of the Committee and Chief Executive.

12.4 That Committee agree any actions plan within the Audit Findings Report.

12.5 That subject to the above, Committee approve the Statement of Accounts for 2013/14 and the arrangements for further amendments.

## **13.0 REASON FOR RECOMMENDATIONS**

13.1 Audit & Risk Management Committee has responsibility for approving the Statement of Accounts on behalf of the Council which is a requirement under the Accounts and Audit Regulations 2003, as amended in 2011.

**REPORT AUTHOR:** Tom Sault  
Designation Head of Financial Services  
Telephone 0151 666 3407  
Email tomsault@wirral.gov.uk

## APPENDICES

Letter of Representation.

## BACKGROUND PAPERS

Audit Findings Report for Wirral Council issued by the Grant Thornton September 2014.

## BRIEFING NOTES HISTORY

| Briefing Note | Date |
|---------------|------|
| N/A           | N/A  |

## SUBJECT HISTORY

| Council Meeting   | Date              |
|---|-------------------|
| Audit & Risk Management Committee<br>Grant Thornton Audit Findings Report –<br>- Merseyside Pension Fund<br>- Merseyside Pension Fund Accounts 2012/13<br>Grant Thornton Audit Findings Report –<br>- Wirral Council<br>- Statement of Accounts 2012/13 | 18 September 2013 |
| Audit & Risk Management Committee<br>Statement of Accounts 2012/13 - update   | 25 November 2013  |
| Pensions Committee<br>Grant Thornton Audit Findings Report –<br>- Merseyside Pension Fund<br>- Merseyside Pension Fund Accounts 2013/14   | 15 September 2014 |