

## **WIRRAL COUNCIL**

### **CABINET**

**5 NOVEMBER 2015**

<b>SUBJECT</b>	<b>STATEMENT OF ACCOUNTS 2014/15</b>
<b>WARD/S AFFECTED</b>	<b>ALL</b>
<b>REPORT OF</b>	<b>ACTING SECTION 151 OFFICER</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 draft Statement for 2014/15 published on 30 June 2015 was subject to audit by Grant Thornton, the Councils' External Auditors, and their findings presented to Audit & Risk Management Committee on 28 September 2015. The Statement of Accounts 2014/15 was published on 30 September 2015 – the statutory deadline for publication.
- 1.2 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 was considered by Pensions Committee on 14 September 2015 and Audit & Risk Management Committee on 28 September 2015 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 2015 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 Chief Finance Officer (Acting S151 Officer) was required to certify the Accounts by 30 June 2015. On 30 June 2015 the Accounts were certified and made publicly available including to all Members of the Audit & Risk Management Committee.

- 2.3 The Accounts published at 30 June 2015 were subject to audit. Under the Audit Commission Act 1998, and the Audit Commission Code of Audit Practice for Local Government, Grant Thornton report on the financial statements. As stipulated by the Regulations, this was reported and published by 30 September 2015.

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

- 2.4 Grant Thornton reported that no adjustments affecting the financial position had been identified at the Audit & Risk Management Committee meeting. This remained the case and the Accounts were published on 30 September 2015.
- 2.5 The financial position of the Council was therefore as reported to Cabinet on 13 July 2015. This showed an in year revenue underspend of £0.5 million and year-end balances of £18.8 million being above the target figure for General Fund balances of £17.4 million for 2015/16.

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

- 2.6 Audit & Risk Management Committee on 28 September 2015 considered the Audit Findings Report issued by Grant Thornton. The report identified that all five areas of assessment under Accounting, Policies and Estimates were rated as green.
- 2.7 The Audit Opinion issued on 29 September 2015 stated that the financial statements gave a true and fair view of the financial position of the Council at 31 March 2015, of its expenditure and income for the year and that they had been properly prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2014/15 and applicable law.
- 2.8 Besides commenting on the Financial Statements Grant Thornton also reported on the Councils' arrangements for securing economy, efficiency and effectiveness in the use of resources for the year ended 31 March 2015. For 2014/15 Grant Thornton concluded that the Council had in place proper arrangements for the year ending 31 March 2015. In 2012/13 there was an adverse conclusion as arrangements were concluded as not being in place.
- 2.9 There have been improvements to the status of the Value for Money findings between 2013/14 and 2014/15 as summarised in the table:

Theme	R/A/G Rating	
	2013/14	2014/15
1. Key Indicators of Performance	Green	Green
2. Strategic Financial Planning	Amber	Green
3. Financial Governance	Green	Green
4. Financial Control	Amber	Green
5. Prioritising Resources	Amber	Amber
6. Improving Efficiency and Productivity	Amber	Amber

- 2.10 The two areas which have shown improvement, Strategic Financial Planning and Financial Control, recognise the significant improvements made to deliver financial stability, to improve financial management and the approach adopted in developing the Council Plan. The Wirral Plan: 2020 Vision has been agreed and will be supported by the Delivery Plan and Medium Term Financial Strategy being developed for Cabinet / Council in February 2016.
- 2.11 There remain other challenges the Council must continue to pursue and to address these Grant Thornton and the Council agreed to an Action Plan which is within the Audit Findings Report.

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

- 2.12 This Statement was endorsed by Cabinet at its meeting on 8 October 2015. Although not required to be included in the Statement of Accounts, 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. The agreed AGS was included within the Statement of Accounts published on 30 September 2015.

### **3.0 RELEVANT RISKS**

- 3.1 If Grant Thornton identify concerns in their report and they are 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 and this could impact upon the Grant Thornton Value for Money assessment.

### **4.0 OTHER OPTIONS CONSIDERED**

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

### **5.0 CONSULTATION**

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

### **6.0 OUTSTANDING PREVIOUSLY APPROVED ACTIONS**

- 6.1 Not applicable.

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

- 7.1 There are none arising directly from this report.

### **8.0 RESOURCE IMPLICATIONS**

- 8.1 Following the audit of the 2014/15 Statement of Accounts the financial position of the Council for 2014/15 is as reported to Cabinet on 13 July 2015.

8.2 As in previous years the External Auditor has made reference to the adequacy of resources within Financial Services. Competing pressures, further reductions in staffing and vacant posts meant the engagement of additional, temporary, support. The Accounts for 2014/15 were completed on time, and to an improved standard, but this proved particularly challenging and capacity continues to remain an issue.

8.3 There are no IT or asset implications arising from this report.

## **9.0 LEGAL IMPLICATIONS**

9.1 It is a legal requirement to publish the Statement of Accounts by 30 September 2015.

## **10.0 EQUALITIES IMPLICATIONS**

10.1 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.

## **11.0 CARBON REDUCTION IMPLICATIONS**

11.1 There are none arising directly from this report.

## **12.0 PLANNING AND COMMUNITY SAFETY IMPLICATIONS**

12.1 There are none arising directly from this report.

## **13.0 RECOMMENDATIONS**

13.1 That Cabinet note the Statement of Accounts 2014/15 and the Grant Thornton Audit Findings Report.

13.2 That progress on delivering the actions identified in the Audit Findings Report will be monitored by Audit & Risk Management Committee.

## **14.0 REASON FOR RECOMMENDATIONS**

14.1 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.

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## APPENDICES

Independent Auditor's Report issued by Grant Thornton 29 September 2015 and included within the Statement of Accounts 2014/15.

Note: The Statement of Accounts 2014/15 is 186 pages. It has not been appended but can be accessed via the Council web-site - <https://www.wirral.gov.uk/about-council/budget-and-spending/annual-accounts>

## REFERENCE MATERIAL / SUBJECT HISTORY

<b>Council Meeting</b>	<b>Date</b>
Audit & Risk Management Committee Grant Thornton Audit Findings Report - Merseyside Pension Fund Merseyside Pension Fund Accounts 2012/13 Grant Thornton Audit Findings Report - Wirral Council Statement of Accounts 2012/13 Grant Thornton Financial Resilience Report	18 September 2013
Audit & Risk Management Committee Grant Thornton Audit Findings Report - Merseyside Pension Fund Merseyside Pension Fund Accounts 2013/14 Grant Thornton Audit Findings Report - Wirral Council Statement of Accounts 2013/14 Grant Thornton Report on Value for Money	17 September 2014
Audit & Risk Management Committee Grant Thornton Audit Findings Report -Wirral Council Grant Thornton Audit Findings Report -Merseyside Pension Fund Merseyside Pension Fund Accounts 2014/15 Statement of Accounts 2014/15	28 September 2015

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WIRRAL COUNCIL**

**(as contained in the Statement of Accounts 2014/15)**

We have audited the financial statements of Wirral Council for the year ended 31 March 2015 under the Audit Commission Act 1998. The financial statements comprise the Movement in Reserves Statement, the Comprehensive Income and Expenditure Statement, the Balance Sheet, the Cash Flow Statement and Collection Fund and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2014/15.

This report is made solely to the members of Wirral Council in accordance with Part II of the Audit Commission Act 1998 and as set out in paragraph 48 of the Statement of Responsibilities of Auditors and Audited Bodies published by the Audit Commission in March 2010. Our audit work has been undertaken so that we might state to the members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Authority and the Authority's members as a body, for our audit work, for this report, or for the opinions we have formed.

**Respective responsibilities of the Chief Financial Officer and auditor**

As explained more fully in the Statement of the Chief Finance Officer's Responsibilities, the Chief Finance Officer is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2014/15, and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

**Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Authority's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Chief Financial Officer; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Foreword and Financial Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the financial position of Wirral Council as at 31 March 2015 and of its expenditure and income for the year then ended; and
- have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2014/15 and applicable law.

### **Opinion on other matters**

In our opinion, the information given in the Foreword and Financial Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

### **Matters on which we report by exception**

We report to you if:

- in our opinion the annual governance statement does not reflect compliance with 'Delivering Good Governance in Local Government: a Framework' published by CIPFA/SOLACE in June 2007; or
- we issue a report in the public interest under section 8 of the Audit Commission Act 1998; or
- we designate under section 11 of the Audit Commission Act 1998 a recommendation as one that requires the Authority to consider it at a public meeting and to decide what action to take in response; or
- we exercise any other special powers of the auditor under the Audit Commission Act 1998.

We have nothing to report in these respects.

### **Conclusion on the Authority's arrangements for securing economy, efficiency and effectiveness in the use of resources**

#### **Respective responsibilities of the Authority and the auditor**

The Authority is responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources, to ensure proper stewardship and governance, and to review regularly the adequacy and effectiveness of these arrangements.

We are required under Section 5 of the Audit Commission Act 1998 to satisfy ourselves that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The Code of Audit Practice issued by the Audit Commission requires us to report to you our conclusion relating to proper arrangements, having regard to relevant criteria specified by the Audit Commission in October 2014.

We report if significant matters have come to our attention which prevent us from concluding that the Authority has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We are not required to consider, nor have we considered, whether all aspects of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

## **Scope of the review of arrangements for securing economy, efficiency and effectiveness in the use of resources**

We have undertaken our audit in accordance with the Code of Audit Practice, having regard to the guidance on the specified criteria, published by the Audit Commission in October 2014, as to whether the Authority has proper arrangements for:

- securing financial resilience; and
- challenging how it secures economy, efficiency and effectiveness.

The Audit Commission has determined these two criteria as those necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether the Authority put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2015.

We planned our work in accordance with the Code of Audit Practice. Based on our risk assessment, we undertook such work as we considered necessary to form a view on whether, in all significant respects, the Authority had put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

## **Conclusion**

On the basis of our work, having regard to the guidance on the specified criteria published by the Audit Commission in October 2014, we are satisfied that, in all significant respects, Wirral Council put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2015.

## **Certificate**

We certify that we have completed the audit of the financial statements of Wirral Council in accordance with the requirements of the Audit Commission Act 1998 and the Code of Audit Practice issued by the Audit Commission.

Robin Baker

for and on behalf of Grant Thornton UK LLP, Appointed Auditor  
Royal Liver Building,  
Liverpool,  
L3 1PS.

29 September 2015

The signed version of this report is available from the Director of Resources for Wirral Council, PO Box No.2, Treasury Building, Cleveland Street, Birkenhead, Wirral CH41 6BU.



# **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WIRRAL COUNCIL ON THE MERSEYSIDE PENSION FUND FINANCIAL STATEMENTS**

**(as contained in the Statement of Accounts 2014/15)**

We have examined the pension fund financial statements of Wirral Council for the year ended 31 March 2015 under the Audit Commission Act 1998. The pension fund financial statements comprise the Fund Account, the Net Assets Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2014/15.

This report is made solely to the members of Wirral Council, as a body, in accordance with Part II of the Audit Commission Act 1998 and as set out in paragraph 48 of the Statement of Responsibilities of Auditors and Audited Bodies published by the Audit Commission in March 2010. Our audit work has been undertaken so that we might state to the members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Authority and the Authority's members as a body, for our audit work, for this report, or for the opinions we have formed.

## **Respective responsibilities of the Chief Financial Officer and auditor**

As explained more fully in the Statement of the Chief Financial Officer's Responsibilities, the Chief Financial Officer is responsible for the preparation of the Authority's Statement of Accounts, which include the pension fund financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2014/15, and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the pension fund financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

## **Scope of the audit of the Pension Fund financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the pension fund's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Chief Financial Officer and the overall presentation of the pension fund financial statements. In addition, we read all the financial and non-financial information in the foreword and financial report to identify material inconsistencies with the audited pension fund financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

### **Opinion on the pension fund financial statements**

In our opinion the pension fund's financial statements:

- give a true and fair view of the financial transactions of the pension fund during the year ended 31 March 2015 and of the amount and disposition of the fund's assets and liabilities as at 31 March 2015, other than liabilities to pay pensions and other benefits after the end of the fund year; and
- have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2014/15 and applicable law.

### **Opinion on other matters**

In our opinion, the information given in the foreword and financial report for the financial year for which the pension fund financial statements are prepared is consistent with the pension fund financial statements.

Fiona Blatcher

for and on behalf of Grant Thornton UK LLP, Appointed Auditor  
4, Hardman Square,  
Spinningfields,  
Manchester,  
M3 3EB.

29 September 2015

The signed version of this report is available from the Director of Resources for Wirral Council, PO Box No.2, Treasury Building, Cleveland Street, Birkenhead, Wirral CH41 6BU.