



COUNCILLOR PHIL DAVIES

CABINET
8 DECEMBER 2016
STATEMENT OF ACCOUNTS AND
ANNUAL AUDIT LETTER
2015/16

Councillor Phil Davies (Leader of the Council) said:

‘Wirral Council’s accounts have once again received an unqualified opinion from our external auditors – demonstrating the confidence with which our financial management is viewed.

External Audit has rightly highlighted the findings of the recent Ofsted inspection into Children’s Services as an issue, and has highlighted it in their Value for Money assessment. Improvements to these services continue at pace, and the Council remains committed to delivering the excellent services Wirral residents deserve.’

REPORT SUMMARY

The Council Constitution allocates responsibility for the approval of the Statement of Accounts to the Audit & Risk Management Committee. The draft Statement for 2015/16 published on 30 June 2016 was subject to audit by Grant Thornton, the Councils’ External Auditors, and their findings were presented and approved at the Audit & Risk Management Committee on 26 September 2016. The Statement of Accounts 2015/16 was published on 30 September 2016 – the statutory deadline for publication.

The Accounts includes the Merseyside Pension Fund (MPF) accounts as the Council is the Administering Authority for MPF. As the MPF receives a separate Audit Findings Report this was considered by Pensions Committee on 19 September 2016 and Audit & Risk Management Committee as part of the approval of the Accounts. These have been finalised, including publication and are reported to Cabinet for information and noting.

The Annual Governance Statement 2015/16 and action plan was considered and approved at the same meeting of the Audit and Risk Management Committee.

The Annual Audit Letter 2015/16 was presented to Audit and Risk Management committee on 22 November 2016.

This is a key decision which affects all Wards within the Borough.

RECOMMENDATIONS

1. That the Statement of Accounts 2015/16 and Annual Audit Letter be noted.
2. That progress on delivering the actions identified in the Annual Governance Statement will be monitored by Audit & Risk Management Committee.

SUPPORTING INFORMATION

1.0 REASON/S FOR RECOMMENDATION/S

- 1.1 Audit & Risk Management Committee has responsibility for approving the Statement of Accounts and the Annual Governance Statement on behalf of the Council which is a requirement under the Accounts and Audit Regulations 2015.

2.0 OTHER OPTIONS CONSIDERED

- 2.1 No other options have been considered.

3.0 BACKGROUND INFORMATION

- 3.1 The purpose of the Statement of Accounts is to present the overall financial position of the Council at 31 March 2016 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.
- 3.2 The Accounts and Audit Regulations 2015 require that the Council produces a statement of accounts which meets set requirements. The Regulations 2015 state that the Accounts must be approved by an appropriate Committee no later than 30 September. The Head of Financial Services, as Acting Section 151 Officer, certified the Accounts by 30 June 2016, the statutory deadline. At that date, the Accounts were issued and made publicly available.
- 3.3 The Accounts published were subject to audit. Under National Audit Commission audit arrangements for Local Government, Grant Thornton, as the Council's appointed external auditor, reports on the financial statements. The Section 151 Officer- Head of Financial Services re-certified the presentation of the annual accounts in September. As stipulated by the Regulations, these were then considered and arrangements for final approved prior to publication were agreed by resolution of Members of the Audit and Risk Management Committee. The accounts were subsequently signed by the Chair of the committee. Following this publication took place on the 30 September and included the opinions that had been issued by Grant Thornton.
- 3.4 The preparation and publication of an Annual Governance Statement (AGS) is necessary to meet the statutory requirement set out in Regulation 6 of the Accounts and Audit (England) Regulations 2015. This report presents Cabinet with the final Annual Governance Statement and an action plan for endorsement by Members. The Audit and Risk Management Committee approved the AGS to enable publication within the Statement of Accounts to take place.

THE STATEMENT OF ACCOUNTS

- 3.5 At the Audit & Risk Management Committee meeting Grant Thornton reported that no adjustments affecting the financial position had been identified. The finalisation of audit work following the Committee resulted in no further changes and the Accounts were published on 30 September 2016.
- 3.6 The financial position of the Council following the audit was therefore as reported to Cabinet on 18 July 2016. This showed an in year revenue underspend of £1.3 million and year-end balances of £22.2 million.

AUDIT FINDINGS REPORT, OPINION AND ANNUAL LETTER

- 3.7 Audit & Risk Management Committee on 26 September 2016 considered the Audit Findings Report issued by Grant Thornton. The report identified that all four areas of assessment under Accounting, Policies and Estimates were rated as 'green'.
- 3.8 The Audit Opinion issued on 30 September 2016 stated that the financial statements gave a true and fair view of the financial position of the Council at 31 March 2016, 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 2015/16 and applicable law.
- 3.9 Besides commenting on the Financial Statements Grant Thornton also report on the Councils' arrangements for securing economy, efficiency and effectiveness in the use of resources for the year ended 31 March 2016. Grant Thornton issued a qualified conclusion in respect to the Councils arrangements which reflected the Ofsted announcement that was made on 20 September 2016. In all other areas the Auditors found that the Council did have in place proper arrangements for Value for Money concluding that "except for the effects of the matter described in the Basis for qualified conclusion paragraph (Ofsted), we are satisfied that, in all significant respects, the Authority put in place proper arrangements to secure value for money through economic, efficient and effective use of its resources for the year ended 31 March 2016". The auditors will review progress in implementing the Ofsted improvement plan when undertaking the audit and Value for Money conclusions for 2016/17.
- 3.10 In October 2016 the Annual Audit Letter was issued detailing the audit findings and opinions issued in the previous month which was presented to Audit & Risk Management Committee on 22 November 2016. At the time of writing this report Grant Thornton have yet to issue the certification of completion of the audit which formally concludes the audit. This is outstanding due to an objection brought by a local elector and relates to the Lender Option Borrower Option (LOBO) category of borrowings held by the Council. A number of other Councils have received similar objections. The auditor's response is being co-ordinated nationally by the National Audit Office and has yet to be released. The outcome of this will not affect the opinions already issued on the Statement of Accounts and Value For Money.

ANNUAL GOVERNANCE STATEMENT

- 3.11 Every Council is required to produce an Annual Governance Statement (AGS) and this was included the AGS in the approved Statement of Accounts for 2015/16. The AGS sets out how the Council has monitored its governance arrangements throughout the year and reviewed how effective they are in supporting planned outcomes.
- 3.12 It covers the period from April 2015 to March 2016 and therefore the significant governance issues identified are those which have occurred during this period. The AGS was initially prepared prior to the findings from the Ofsted Report which was released on 20 September 2016. The final version included reference to issues highlighted in the Report having been considered and amended at the Audit & Risk Management Committee meeting on 26 September 2016.
- 3.13 The action plan focusses on two key areas being the action required to address organisational and managerial compliance with certain Council processes and procedures which is being led by the Corporate Governance Group and the response to the Ofsted report on the delivery of services to children which is being led by the Improvement Board.

4.0 FINANCIAL IMPLICATIONS

- 4.1 The amendments to the Statement of Accounts 2015/16 have not changed the financial position of the Council including the level of General Fund Balance or reserves and provisions at 31 March 2016 which remain as reported to Cabinet on 18 July 2016.

5.0 LEGAL IMPLICATIONS

- 5.1 It is a legal requirement to publish the Statement of Accounts and Annual Governance Statement.

6.0 RESOURCE IMPLICATIONS: ICT, STAFFING AND ASSETS

- 6.1 There are none arising directly from this report.

7.0 RELEVANT RISKS

- 7.1 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.

8.0 ENGAGEMENT/CONSULTATION

- 8.1 There has been no specific consultation with regards to this report.

9.0 EQUALITY IMPLICATIONS

- 9.1 There are none arising directly from this report.

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APPENDIX

Annual Audit Letter for Wirral Council for the Year ended 31 March 2016 - issued by Grant Thornton October 2016.

Note : The Statement of Accounts 2015/16 (over 190 pages) containing the Annual Governance Statement can be accessed via the Council web site.

SUBJECT HISTORY

Council Meeting	Date
Audit and Risk Management Committee Annual Governance Statement 2015/16	15 March 2016
Audit and Risk Management Committee Annual Governance Statement 2015/16	13 June 2016
Audit and Risk Management Committee Annual Governance Statement 2015/16 Statement of Accounts 2015/16	26 September 2016
Audit and Risk Management Committee Statement of Accounts 2015/16 Annual Audit Letter 2015/16	22 November 2016