



**Audit and Risk Management Committee**  
**Monday, 25 September 2017**

<b>REPORT TITLE:</b>	<b>STATEMENT OF ACCOUNTS 2016/17 FOR WIRRAL COUNCIL AND MERSEYSIDE PENSION FUND</b>
<b>REPORT OF:</b>	<b>Assistant Director: Finance (S151)</b>

**REPORT SUMMARY**

The Council Constitution allocates responsibility for the approval of the Statement of Accounts to the Audit & Risk Management Committee. The Statement for 2016/17 was published on 29 June 2017 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.

Committee is asked to consider the findings of Grant Thornton, agree the Letter of Representation, agree any actions for 2016/17 and then approve the arrangements for the finalisation of the Statement of Accounts for 2016/17. This is in order for them to be published by the statutory deadline of 30 September 2017.

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.

**RECOMMENDATIONS**

Committee consider the Audit Findings Report presented by Grant Thornton agreeing the actions taken over the amendments to the Statement of Accounts (referred to in Section 3 of this report).

Committee consider and approve the Statement of Accounts for 2016/17 as presenting a true and fair view of the Council's income and expenditure for the year and its overall financial position.

The Chair and S151 Officer sign and date the Letter of Representation.

## **SUPPORTING INFORMATION**

### **1.0 REASON/S FOR RECOMMENDATION/S**

- 1.1 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 2015.

### **2.0 OTHER OPTIONS CONSIDERED**

- 2.1 The Statement of Accounts has to be produced in accordance with statutory guidance. The Statement is subject to review by the appointed Auditor and must be published by 30 September 2017.

### **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 2017 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 for each year which meets set requirements. The Regulations 2015 state that the Accounts must be approved by an appropriate Committee no later than 30 September. 2017 The Assistant Director: Finance, as Section 151 Officer, was required to certify the Accounts by 30 June 2017. It is confirmed that the Assistant Director: Finance, as the Council S.151 Officer, certified the accounts by the statutory deadline. At that date, the Accounts were issued and made publicly available.
- 3.3 The Accounts published at 29 June 2017 have been subject to audit. Under National Audit Commission audit arrangements for Local Government, Grant Thornton UK LLP (as the Council's appointed external auditor,) report on the financial statements and also on the Value for Money conclusion. These are within the Audit Findings Report.
- 3.4 The Assistant Director: Finance has to re-certify the presentation of the annual accounts. The Regulations require the Accounts to be considered and approved by Members prior to final publication. For Wirral this role is for this Committee. The Accounts must also be signed and dated by the Chair of this Committee. Following this publication takes place, which must include publication on the Council website, of the Accounts together with any certificate, opinion, or report issued, by Grant Thornton.

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

- 3.5 Amendments to the financial statements requested by Grant Thornton are detailed in the Audit Findings Report. Committee 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.
- 3.6 The Statement of Accounts 2016/17 is appended to this Agenda and reflects the comments made by the Auditors up to Thursday 14 September, the Annual Governance Statement as considered by this Committee on 12 June and approved by Cabinet on 17 July 2017 and the MPF Accounts which were considered by Pensions Committee on 17 July 2017. At the time of circulating this report no further changes are expected to be required.
- 3.7 Committee will be updated at the meeting of any further audit work, findings and alterations to the Statement of Accounts as the audit process continues until the issuing of the Audit Opinion.

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

- 3.8 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 (Appendix).
- 3.9 The Auditor's Opinion will be incorporated within the final version of the Statement of Accounts that will enable the Accounts to be completed and published by the statutory deadline of 30 September 2017. An unqualified opinion on the Accounts for 2016/17 is anticipated and publication of the Accounts will take place by the statutory deadline. There are no anticipated changes to the financial position reported to Cabinet on 26 June 2017.
- 3.10 The closure of accounts 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.
- 3.11 Grant Thornton received the Statements and supporting working papers in accordance with the required deadline. However competing pressures within the Financial Services Division remain as capacity is limited and the management of these pressures has proven to be a considerable challenge since the commencement of the current financial year.

- 3.12 The deadlines for the Statement of Accounts for 2017/18 will be shorter than for 2016/17. The S151 Officer must certify and issue the accounts by 31 May 2018 (brought forward from 30 June), with the Accounts approved and published following Audit by 31 July 2018 (brought forward from 30 September).

### **LETTER OF REPRESENTATION**

- 3.13 The Letter of Representation has to be agreed by this Committee and a draft is an Appendix to this report.

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

- 3.14 This AGS was considered by this Committee on 12 June 2016 and the Statement was updated to reflect the receipt of further letters from Ofsted and the guidance and input from the Department for Education. It was referred to, and approved by, Cabinet on 17 July 2017.
- 3.15 Although not required to be included in the Statement of Accounts, the AGS 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.

## **4 FINANCIAL IMPLICATIONS**

- 4.1 The amendments to the Statement of Accounts 2016/17 have not changed the level of General Fund balance or reserves and provisions at 31 March 2017 which remain as reported to Cabinet on 26 June 2017.

## **5 LEGAL IMPLICATIONS**

- 5.1 It is a legal requirement to publish the Statement of Accounts by 30 September 2017.

## **6 RESOURCE IMPLICATIONS**

- 6.1 There are none arising directly from this report.

## **7 RELEVANT RISKS**

- 7.1 If any concerns identified by Grant Thornton are not addressed by the Council then there are risks that the Council will not be able to meet its statutory requirements in respect of the Statement of Accounts as well as impacting upon Value for Money and Financial Resilience of the Council.

## 8 ENGAGEMENT/CONSULTATION

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

## 9 EQUALITY IMPLICATIONS

9.1 There are none arising directly from this report.

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## APPENDICES

Letter of Representation.

Statement of Accounts 2016/17 (please note this is over 180 pages)

## 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 2015/16 Grant Thornton Audit Findings Report – - Wirral Council - Statement of Accounts 2015/16	26 September 2016
Pensions Committee Grant Thornton Audit Findings Report – - Merseyside Pension Fund - Merseyside Pension Fund Accounts 2016/17	17 July 2017
Pensions Committee Grant Thornton Audit Findings Report – - Merseyside Pension Fund - Merseyside Pension Fund Accounts 2015/16	19 September 2016