

# AUDIT AND RISK MANAGEMENT COMMITTEE

Monday, 11 January 2021

Present: Councillor S Whittingham (Vice Chair in the Chair)

Councillors	J Bird	AER Jones
	K Cannon	T Cox
	K Greaney	I Lewis
	D Burgess-Joyce	S Kelly

Deputies: Councillor P Hayes (for K Hodson)

## 12 APOLOGIES FOR ABSENCE

Apologies were received by Councillor K Hodson, in her absence Councillor S Whittingham acted as Chair to the Committee.

## 13 MEMBERS' CODE OF CONDUCT - DECLARATIONS OF INTEREST

Members were asked to consider whether they had any disclosable pecuniary interests and/or any other relevant interest in connection with any item(s) on this agenda and, if so, to declare them and state what they were.

No such declarations were made.

## 14 2019/20 STATEMENT OF ACCOUNTS FOR WIRRAL COUNCIL AND MERSEYSIDE PENSION FUND

A report by the Director of Resources set out the statement of accounts for Wirral Council and Merseyside Pension Fund. The Draft Accounts had been presented to to the Committee on 21 September and 23 November. The report also included and sought approval the Annual Governance Statement.

Members were advised how the Statement of Accounts set out the Council's and Merseyside Pension Funds financial positions as at the 31 March 2020 along with a summary of its income and expenditure for the year that ended 31 March 2020 and comparative data for the preceding year. Members heard how the draft accounts were prepared and submitted for external audit on 27<sup>th</sup> August 2020. The external auditors – Grant Thornton UK LLP had concluded the Audit for 2019/20.

The Senior Finance Manager addressed the Committee to present the Statement of Accounts and to set out the amendments to the accounts that had been agreed by Council Officers and Auditors and sought approval from members. The amendments were set out in appendix two of the report.

Members heard how an additional paragraph had been included to the statement of accounts under financial resilience to inform that as at Quarter 2 the Council has a projected deficit of £75.6m (after Sales, Fees and Income compensation scheme of £9.3.). Members were advised that to support this deficit, which is primarily due to Covid-19, the Council had applied to the Ministry of Housing, Communities and Local Government to request a Capitalisation Directive from HM Treasury on our behalf to fund Covid-19 losses of income and cost pressures. Members heard how the Council's financial position would change as a result of the Spending Review but this will not be fully known until the final funding settlement is received in January.

The Senior Finance Manager informed Members that there had been 21 changes to the accounts as set out in appendix 2 of the report. The Committee were advised that the vast majority minor changes and all with the exception of three were implemented.

Mark Stokes, External Auditor then addressed the Committee and informed that the Audit is now complete subject to the approval of the Audit and Risk Management Committee. Members heard how the accounts would not be adjusted in a significant way. Members were informed that the outbreak of the Covid -10 Coronavirus pandemic has had a significant impact on the normal operations of the Council. The impact has meant that the Council have not been able to meet the savings plans they had set for the financial year in question.

Members heard how it would be unsustainable to continue to draw from Council's reserves. Members were advised that the Council may need to borrow in order to balance the Council's book. The External Auditor set out significant audit risks including: Covid 19, fraud, management override of controls, valuation of land and buildings and valuation of pension fund net liability. Overall, Members heard how the audit had gone well with value for money aspect classified as adverse.

In response to questions by Members of the Committee heard how the council has a responsibility for regeneration of its area and the Council need to make sure where your making investments in the private sector you are aware of the risks involved and have a clear plan. The Committee then heard in response to a further question that the use of reserves is a cultural matter within the Council as there is a clear history of the Council using reserves.

In response to a further question the Committee heard how it would be difficult to make the judgement that the Council would have presented a balanced budget should the global pandemic not have occurred. Members were advised that there is no doubt that Covid has impacted on the Council's ability to deliver significant savings.

With regards to the current position of council reserves and current figures the Senior Finance Manager advised that she would obtain figures

In response to a question regarding the Wirral Growth Company Members heard how the activity is under constant review and the company's financial accounts are due shortly.

On a motion by Councillor Stuart Whittingham and seconded by Councillor Kate Cannon it was:

**Resolved - That**

- (1) the Audit and Risk Management Committee note the changes to the draft accounts, and the External Audit Findings Report for Wirral Council and Merseyside Pension Fund;**
- (2) the final accounts (Council and Pension Fund) as presenting a true and fair view of the Council's and Pension fund income and expenditure for the year and its overall financial position are approved; and**
- (3) the Annual Governance Statement 2019/20 be approved.**