



AUDIT AND RISK MANAGEMENT COMMITTEE

WEDNESDAY 1 MARCH 2023

REPORT TITLE:	2021/22 STATEMENT OF ACCOUNTS FOR WIRRAL COUNCIL, MERSEYSIDE PENSION FUND AND ANNUAL GOVERNANCE STATEMENT
REPORT OF:	DIRECTOR OF FINANCE (SECTION 151 OFFICER)

REPORT SUMMARY

The Council's constitution allocates responsibility for the approval of the Statement of Accounts to the Audit and Risk Management Committee.

The draft accounts were presented to the Committee on 26 October 2022, and this report is to bring to the Committee the final Accounts and the Audit Findings Reports of both Wirral Council and Merseyside Pension Fund. The report also presents the Annual Governance Statement for consideration and approval by the Committee.

The Statement of Accounts sets out the Council's and Merseyside Pension Fund's financial positions as at the 31 March 2022, along with a summary of its income and expenditure for the year ended 31 March 2022 and comparative data for the preceding year.

The draft accounts were prepared and submitted for external audit on 29 July 2022. The external auditors Grant Thornton UK LLP have substantially concluded on the Audit for 2021/22.

This report summarises the changes to the draft Statement of Accounts position supported by the following documents:

- Wirral Council Statement of Accounts 2021/22 (Appendix 1).
- Summary Statements and Changes to Accounts 2021/22 (Appendix 2).
- Wirral Council Audit Findings Report 2021/22 (Appendix 3).
- Audit Findings Report for Merseyside Pension Fund 2021/22 (Appendix 4).
- Pensions Committee Minutes Extract 28 September 2022 (Appendix 5).
- Annual Governance Statement 2021/22 (AGS) (Appendix 6).

RECOMMENDATION/S

The Audit and Risk Management Committee is recommended to:

1. Note the changes to the draft Accounts, and the External Audit Findings Reports for Wirral Council and Merseyside Pension Fund.
2. Approve the final Accounts (Council and Merseyside Pension Fund) as presenting a true and fair view of the Council's and Merseyside Pension Fund's income and expenditure for the year and its overall financial position.
3. Approve the Annual Governance Statement 2021/22.
4. Approve the Letters of Representation for Wirral Council and Merseyside Pension Fund.

SUPPORTING INFORMATION

1.0 REASON/S FOR RECOMMENDATION/S

- 1.1 The Audit & Risk Management Committee has responsibility for approving the Statement of Accounts and the Annual Governance Statement (AGS) on behalf of the Council, which is a requirement under The Accounts and Audit Regulations 2015 and Accounts and Audit (Amendment) Regulations 2022. This update allows the Committee to further comment and allow the publication of the final Accounts.

2.0 OTHER OPTIONS CONSIDERED

- 2.1 The Statement of Accounts are required to be produced in accordance with statutory guidance. Under amended legislation, Accounts and Audit (Amendment) Regulations 2022, local authorities had until the 31 July to publish draft accounts. The deadline for completion of the external audit had also been moved to the 30 September. In normal circumstances, the Accounts and Audit Regulations 2015 and the Local Audit and Accountability Act 2014 require publication of the draft unaudited accounts by 31 May with publication of the audited accounts by 31 July.
- 2.2 The Accounts were brought to Committee on 26 October 2022. The accounts now presented are the final Accounts. The audit is substantially complete and any updates will be brought to the Committee at the next sitting.

3.0 BACKGROUND INFORMATION

- 3.1 Preparation and publication of the annual Statement of Accounts is a specific statutory requirement under local government legislation and the Council must provide for this within the predetermined statutory timetable.
- 3.2 The preparation and publication of annual Accounts provides information that is intended to be of use to a range of stakeholders (including Members, employees, members of the public, government, and investors, etc.) in evaluating the financial performance of the Council and its stewardship of public money.
- 3.3 The annual Statement of Accounts is required to be compliant with the Chartered Institute of Public Finance and Accountancy (CIPFA)'s Code of Practice on Local Authority Accounting for 2021/22 ("the Code") and applicable International Financial Reporting Standards (IFRSs). The Code establishes "proper" accounting practices under local government legislation, to ensure local authority accounts are prepared consistently with the objective of providing a true and fair view of the authority's financial position, financial performance and cash flows for the year ended 31 March 2022. An amendment to the CIPFA Code of Practice was introduced in November 2022 that provided temporary relief to reporting gross book value and accumulated depreciation for infrastructure assets, and this will be in existence until 2024/25 financial year. This relief is optional and the Council has chosen to apply it for the financial year 2021/22.
- 3.4 The Accounts published on 29 July 2022 are subject to audit. Under the Public Sector Audit Appointments arrangements for Local Government, Grant Thornton UK LLP act as the Councils appointed auditors. The auditor reports on the financial

statements and on the Value for Money conclusion, as documented within the Audit Findings Reports, see Appendices 3 and 4.

- 3.5 The Director of Finance, as the Section 151 Officer, is required to re-certify the presentation of the Statement of Accounts. The regulations require the Accounts to be considered and approved by Members prior to final publication. For Wirral Council, this role is for this Committee. The Accounts must also be signed and dated by the Chair of the Committee prior to publication on the Councils website; with any certificate, opinion or report issued, by Grant Thornton UK LLP.
- 3.6 The draft Annual Governance Statement (AGS) was considered by Members at the Audit and Risk Management Committee meeting on 29 October 2022, and no further amendments have been made.

3.7 Amendments to Statement of Accounts

- 3.7.1 Amendments to the financial statements are detailed in Appendix 2 – Changes to Wirral Council Draft Statement of Accounts 2021/22. The amendments set out in this report are reflected in the accounts appended to this report. The Committee is asked to note these amendments and agree to these amendments in the final Statement of Accounts, which have been agreed by officers. A small number of disclosure adjustments, to improve the presentation of the financial statements have also been agreed.
- 3.7.2 The Statement of Accounts 2021/22 is included in Appendix 1, and reflects the comments made by the auditors and agreed by officers. They include the Merseyside Pension Fund (MPF) Accounts considered by the Pension Committee on 28 September 2022 and the external auditor Findings Report for the Merseyside Pension Fund in Appendix 4.

Merseyside Pension Fund Accounts

- 3.7.3 MPF Annual report and statement of accounts was considered by the Pensions Committee on 28 September 2022 and the minute extract is in appendix 5 to this report.
- 3.7.4 The audit work has identified one minor adjustment (£5k) to the financial statements position, due to external audit increasing their fee during the course of the audit. Their work did not identify any other adjustments that have resulted in an adjustment to the Fund's reported financial position. No recommendations have been made to management. The Fund's financial position for the year ending March 2022 is reported as £11.0bn.
- 3.7.5 The additional voluntary contributions (AVC) disclosure note has been revised, this is due to the Fund waiting for information from one AVC provider when the draft accounts were prepared. The information from the external provider became available during the course of the audit and updated.
- 3.7.6 A small number of disclosure adjustments, to improve the presentation of the financial statements and annual report, have been agreed.

3.8 Audit Findings Reports and Opinion

- 3.8.1 The final Findings Report for Wirral Council Statement of Accounts will be presented by Grant Thornton to the Committee and is in Appendix 3.
- 3.8.2 The final Findings Report for MPF was presented by Grant Thornton to the Pension Committee on 28 September 2022 and is appended to this paper in Appendix 4.
- 3.8.3 The auditor's opinions for the Council and MPF accounts are issued separately, both are for consideration by the Committee and included in the final Audit Findings Reports along with the Letters of Representation.
- 3.8.4 The Auditors opinion will be included in the audited published Statement of Accounts as soon as practically possible upon approval of the Accounts by the Committee. An unqualified opinion on the Accounts for 2021/22 for the Council is anticipated. MPF accounts anticipated to receive an unqualified opinion.

4.0 FINANCIAL IMPLICATIONS

- 4.1 The amendments to the Statement of Accounts 2021/22, have not changed the level of General Fund Balance as at 31 March 2022 which remains as reported to the Policy and Resources Committee on 8 June 2022.

5.0 LEGAL IMPLICATIONS

- 5.1 The Statement of Accounts have been completed in accordance with the Accounts and Audit (Amendment) Regulations 2022. It is a legal requirement to publish the Statement of Accounts. This would ordinarily be completed by 31st July; due to the Coronavirus and recommendations from the Redmond review this deadline is extended under regulation to September. As the audit was not concluded upon by that date, the Council issued a public notice explaining the reasons for this under Section 10.2a. The preparation and publication of an Annual Governance Statement (AGS) is necessary to meet the statutory requirement set out in the Accounts and Audit (England) Regulations 2015.

6.0 RESOURCE IMPLICATIONS: STAFFING, ICT AND ASSETS

- 6.1.1 None arising directly from this report.

7.0 RELEVANT RISKS

- 7.1 The Local Government Act 2003 and the Local Government and Housing Act 1989 require the Statement of Accounts to be produced in line with recommended accounting practices. There is a departmental risk that failure to do so could result in qualification of the accounts, which may lead to further audit costs.
- 7.2 If any concerns identified by Grant Thornton are not addressed by the Council then there is a risk that the Council will not be able to meet its statutory requirements in respect to the Statement of Accounts as well as impacting upon the Value for Money and Financial Resilience of the Council and the Council's reputation.

8.0 ENGAGEMENT/CONSULTATION

- 8.1 The draft unaudited Statement of Accounts for 2021/22 were available for public inspection, the deadline for this was 12 September 2022. The Council did not receive any responses for copy documents, or public questions.
- 8.2 The Annual Governance Statement has been approved by the Senior Leadership Team and signed by the Chief Executive and Council Leader.

9.0 EQUALITY IMPLICATIONS

- 9.1 Wirral Council has a legal requirement to make sure its policies, and the way it carries out its work, do not discriminate against anyone. An Equality Impact Assessment is a tool to help council services identify steps they can take to ensure equality for anyone who might be affected by a particular policy, decision or activity.
- 9.2 There are no equality implications arising specifically from this report. The files attached may not be suitable to view for people with disabilities, users of assistive technology or mobile phone devices. Please contact Diane Grisdale if you would like this document in an accessible format.

10.0 ENVIRONMENT AND CLIMATE IMPLICATIONS

- 10.1 Audits are currently undertaken remotely as a consequence of the pandemic and the authority will support this continuing were practically possible to reduce our carbon footprint. The content and/or recommendations contained within this report are expected to have no impact on emissions of Greenhouse Gases.

11.0 COMMUNITY WEALTH IMPLICATIONS

- 11.1 The Merseyside Pension Authority continue to seek suitable local opportunities for investment.

REPORT AUTHOR: **Diane Grisdale**
Senior Finance Manager
email: dianegrisdale@wirral.gov.uk

APPENDICES

- Appendix 1 – Wirral Council Statement of Accounts 2021-22
Appendix 2 – Summary Statements and Changes to Accounts 2021/22
Appendix 3 – Wirral Council External Audit Findings Report 2021-22
Appendix 4 - Audit Findings Report Merseyside Pension 2021-22
Appendix 5 – Pensions Committee Minutes Extract 28 September 2022
Appendix 6 – Wirral Council Annual Governance Statement 2021-22

BACKGROUND PAPERS

Statement of Accounts

- The report has drawn upon a number of sources of information including the Draft Unaudited Statement of accounts and supporting working papers and reports, plus published statutory guidance and legislation.
- CIPFA Code of Practice 2021/22
- External audit plan

Annual Governance Statement

- CIPFA / SOLACE Framework Delivering Good Governance in Local Government
- Guidance – CIPFA Bulletin 06 – Application of the Good Governance Framework 2020/21
- Meeting the Principles of Good Governance – The Impact Of The Covid-19 Pandemic
- Briefing from the CIPFA Better Governance Forum

TERMS OF REFERENCE

This report is being considered by the Audit and Risk Management Committee in accordance with Sections (E), (F) and (G) of its Terms of Reference.

SUBJECT HISTORY (last 3 years)

Council Meeting	Date
Audit & Risk Management Committee – Statement of Accounts for 2020/21 for Wirral Council & Merseyside PF	26 October 2022
Audit & Risk Management Committee – Statement of Accounts for 2020/21 for Wirral Council & Merseyside PF	24 January 2022
Audit & Risk Management Committee – Statement of Accounts for 2019/20 for Wirral Council & Merseyside PF	27 September 2021
Audit & Risk Management Committee – Statement of Accounts for 2019/20 for Wirral Council & Merseyside PF	23 November 2020
Audit & Risk Management Committee – Statement of Accounts for 2019/20 for Wirral Council & Merseyside PF	21 September 2020
Audit & Risk Management Committee – Statement of Accounts for 2018/19 for Wirral Council & Merseyside PF	23 September 2019