



## **AUDIT AND RISK MANAGEMENT COMMITTEE**

**Tuesday, 22 October 2024**

<b>REPORT TITLE:</b>	<b>2023/24 STATEMENT OF ACCOUNTS FOR WIRRAL COUNCIL, MERSEYSIDE PENSION FUND AND ANNUAL GOVERNANCE STATEMENT.</b>
<b>REPORT OF:</b>	<b>DIRECTOR OF FINANCE (SECTION 151 OFFICER)</b>

### **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 2023/24 accounts were presented to the Committee on 31 July 2024, 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 2023/24 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 2024, along with a summary of its income and expenditure for the year ended 31 March 2024 and comparative data for the preceding year.

The draft accounts were prepared and submitted for external audit on 5 July 2024, and the external auditors Grant Thornton UK LLP have substantially concluded on the Audit for 2023/24.

This report summarises the changes to the draft Statement of Accounts position, and updates Committee on the latest position in relation the recommendations in Grant Thornton's 2022/23 Annual Audit report, supported by the following documents:

- Wirral Council Statement of Accounts 2023/24 (Appendix 1).
- Summary Statements and Changes to Accounts 2023/24 (Appendix 2).
- Wirral Council Interim Audit Findings Report 2023/24 (Appendix 3).
- Merseyside Pension Fund Audit Findings Report 2023/24 (Appendix 4).
- Annual Governance Statement 2023/24 (Appendix 5).
- 2022/23 Annual Audit Report recommendations update (Appendix 6).

### **RECOMMENDATION/S**

The Audit and Risk Management Committee is requested to:

1. Note the changes to the draft 2023/24 Accounts, and the External Audit Findings Reports for Wirral Council and Merseyside Pension Fund.
2. Approve the Annual Governance Statement 2023/24.
3. Approve the Letters of Representation for Wirral Council and Merseyside Pension Fund.
4. Note the updated position on the recommendations from Grant Thornton's 2022/23 Annual Audit Report.

## **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. Following the expiration of temporary regulations which extended publishing deadlines, the Accounts and Audit Regulations 2015 and the Local Audit and Accountability Act 2014 require local authorities to publish draft accounts by the 31 May, while the deadline for completion of the external audit and publication of the audited accounts remains as 30 September.
- 2.2 The draft 2023/24 Accounts were brought to Committee on 31 July 2024. 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 2023/24 ("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 2024. 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 years 2021/22, 2022/23 and 2023/24.
- 3.4 The Accounts published on 5 July 2024 are subject to audit. Under the Public Sector Audit Appointments arrangements for Local Government, Grant Thornton UK LLP act as the Council's appointed auditors. The auditor reports on the financial

statements 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 31 July 2024. No changes have been made, and as such the final version is attached in Appendix 5.

### **3.7 Amendments to Statement of Accounts**

3.7.1 Amendments to the 2023/24 financial statements are detailed in Appendix 2 – Changes to Wirral Council Draft Statement of Accounts 2023/24. The amendments set out in this report are reflected in the accounts appended to this report. The Committee is asked to note and agree to these amendments in the final 2023/24 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 There are no identified errors that have not been adjusted in the Accounts.

3.7.3 The Statement of Accounts 2023/24 are included in Appendix 1 and reflect the comments made by the auditors and agreed by officers. They include the Merseyside Pension Fund (MPF) Accounts considered by the Pension Committee on 24 September 2024 and the external auditor Findings Report for the Merseyside Pension Fund in Appendix 4.

### **3.8 Merseyside Pension Fund Accounts**

3.8.1 Merseyside Pension Fund Annual report and statement of accounts were considered by the Pensions Committee on 24 September 2024.

3.8.2 The audit work has identified one minor adjustment (£14k) to the financial statements position, due to an error in the external audit fee rebate accrual. Their work did not identify any other adjustments that have resulted in an adjustment to the Fund's reported financial position which for the year ending March 2024 is reported as £10.8bn.

3.8.3 A small number of disclosure adjustments, to improve the presentation of the financial statements and annual report, have been agreed.

### **3.9 Audit Findings Reports and Opinion**

3.9.1 The interim Audit Findings Report for Wirral Council 2023/24 Statement of Accounts will be presented by Grant Thornton to the Committee and is in Appendix 3.

- 3.9.2 The final Audit Findings Report for MPF was presented by Grant Thornton to the Pension Committee on 24 September 2024 and is appended to this paper in Appendix 4.
- 3.9.3 The auditor's opinions for the Council and MPF accounts are issued separately, both are for consideration by this Committee. The auditor opinion for MPF is included in the final MPF Audit Findings Reports (appendix 4) along with the Letter of Representation. The Letter of Representation for the Council is in the interim Audit Findings Report (appendix 3), and confirmation of the auditor's opinion will be presented in the final Audit Findings Report to the next Committee.
- 3.9.4 The Auditors opinion will be included in the audited published 2023/24 Statement of Accounts as soon as practically possible upon approval of the Accounts by the Committee. An unqualified opinion on the Accounts for 2023/24 for the Council is anticipated. MPF accounts are also anticipated to receive an unqualified opinion.
- 3.9.5 Grant Thornton presented their Annual Audit Report for 2022/23 to this Committee on 26th March 2024, including one Key Recommendation and 8 Improvement Recommendations, with 'Management comments' in response to each recommendation. Appendix 6 provides Members with an updated position regarding these management comments.
- 3.9.6 Progress on these recommendations and those included in the 2023/24 Annual Audit Report will continue to be monitored and reported to Members.

#### **4.0 FINANCIAL IMPLICATIONS**

- 4.1 The amendments to the Statement of Accounts 2023/24 have not changed the level of General Fund Balance as at 31 March 2024 which remains as reported to the Policy and Resources Committee on 17 July 2024.

#### **5.0 LEGAL IMPLICATIONS**

- 5.1 The Statement of Accounts have been completed in accordance with the Accounts and Audit Regulations 2015. It is a legal requirement to publish the Statement of Accounts by 30 September 2024. 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 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 2023/24 were available for public inspection, the deadline for this was 16 August 2024. The Council received one response for copy documents, however due to the request involving a significant amount of documentation and sensitive data an alternative was proposed. The requestor is yet to respond to this proposal.

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 Shaun Allen if you would like these documents in an accessible format.

## **10.0 ENVIRONMENT AND CLIMATE IMPLICATIONS**

10.1 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.

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## **APPENDICES**

Appendix 1 – Wirral Council Statement of Accounts 2023/24  
Appendix 2 – Summary Statements and Changes to Accounts 2023/24  
Appendix 3 – Wirral Council Interim Audit Findings Report 2023/24  
Appendix 4 – Merseyside Pension Fund Audit Findings Report 2023/24  
Appendix 5 – Wirral Council Annual Governance Statement 2023/24

## Appendix 6 – 2022/23 Annual Audit Report recommendations update

The PDF files may not be suitable to view for people with disabilities, users of assistive technology or mobile phone devices. Please contact shaunallen@wirral.gov.uk if you would like this document in an accessible format.

### 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 2023/24.
- External audit plan.

#### Annual Governance Statement

- CIPFA / SOLACE Framework Delivering Good Governance in Local Government.
- Briefings from CIPFA and the CIPFA Better Governance Forum.

### TERMS OF REFERENCE

This report is being considered by the Audit and Risk Management Committee in accordance with Sections (A), (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 2023/24 for Wirral Council & Merseyside PF	31 July 2024
External Annual Audit Report 2022/23	26 March 2024
Audit & Risk Management Committee – Statement of Accounts for 2022/23 for Wirral Council & Merseyside PF	12 December 2023
Audit & Risk Management Committee – Statement of Accounts for 2021/22 for Wirral Council & Merseyside PF	24 October 2023
Audit & Risk Management Committee – Statement of Accounts for 2022/23 for Wirral Council & Merseyside PF	27 June 2023
Audit & Risk Management Committee – Statement of Accounts for 2021/22 for Wirral Council & Merseyside PF	1 March 2023
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

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