

Appendix 6 – 2022-23 Annual Audit Report recommendations responses

Recommendation ref	Report page	Recommendation	Management Response March 2024	Follow-up comments September 2024
Key Rec 1	7-8	<p>Given the continued level of financial stress the Council is facing, all members need to ensure that there is a robust response to the financial matters highlighted and that officers are supported in making the changes needed.</p>	<p>The Council is working very closely with members on service and statutory committees to ensure all key financial matters are addressed. 2023/24 has seen an increased involvement in member engagement in such matters and decision making has been collaborative throughout key decisions. Further work through directors will continue to ensure financial risks are identified and risk to the reserves is understood.</p> <p>In December 2022, the statutory override that separated DSG deficits from the authority's wider finances was extended for a further 3 years and is due to expire at the end of 2025/26. The Schools Forum on 23 January 2024 agreed that schools and the authority will endeavour to find further mitigations during 2024/25.</p> <p>In a recent letter to P&R, the Panel chair said they are now reassured the council "will be able to set a balanced budget for 2024/25" and that the gaps for the subsequent two years will be "manageable and that savings will be identified". The Chair concluded by noting that once the council has set a budget for 2024-25, the Panel anticipates it will be able to stand down.</p>	<p>Officers continue to work with members, and work continues to find further mitigations during 2024/25 including participation in the Delivering Better Value programme in reviewing High Needs provision.</p> <p>The Independent Review Panel stepped down in April 2024 with the panel chair Carolyn Downs commenting "There have been significant improvements in the council over the period of the panel's involvement." Ms Downs also highlighted how the panel had seen "significant changes" since their time here and that we have a "clearer vision for the organisation and the borough" through our Corporate Plan. Ms Downs also reflected that while our "budgetary situation remains very challenging, this is common to most councils and Wirral is now managing its budgetary position with competence." This is incredibly positive news and a great reflection on how much progress we've made as an authority in the last few years.</p> <p>However, it should be noted that the recent Q1 forecast presented a serious financial position for the Council that needs to be significantly mitigated in-year through all available measures to reduce expenditure and generate cost savings. The source of the overspend reflects the outturn position from 2023/24 for which an action plan has been developed and implemented. This is designed to address the main issues generating the adverse position and progress will be reported on this in all future reports and to the relevant committees. However, the majority of this overspend is a consequence of increased demand and costs for social care services and will not be easily resolved.</p> <p>Enhanced engagement between officers and Members is being addressed via Budget Oversight Panels for each service Committee to facilitate regular space to review the budget position in between scheduled committee meetings during stages of the financial year. Each Budget Oversight Panel will comprise the Committee Chair and Spokespersons, the relevant Director and Assistant Directors (as required) and Finance and Democratic Service representatives.</p> <p>The purpose of the Panels is to:</p> <ul style="list-style-type: none"> • Ensure that Members are receiving the most current financial data and are monitoring the budget throughout the year. • Question the Director on implications of the financial data ahead of the scheduled Committee meeting. • Seek further information from the Director/Assistant Director where necessary. • Make reasonable requests for certain additional information to facilitate strategic decision-making. • Make links between financial performance and activity, to inform decision-making of the Committee. • Inform the process of efficiency target setting and monitor performance against delivery of efficiency targets agreed.

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Improvement Rec 1	20	The Council must ensure there is a robust financial governance framework around delivery of its Capital Programme. The impact and risk of slippage should be fully assessed and documented as part of the Capital Programme planning process.	The capital programme goes through quarterly reviews with the respective Directorates and challenges are made to Directors as to the viability and deliverability of the programme. A number of factors that are outside the authority's control can often contribute to slippage and slippage is managed with careful consideration to cost and deliverability with the respective Directors and Officers. The Council takes a prudent approach to borrowing for capital to avoid unnecessary costs and only borrows as required. Work is on-going during 24/25 to refine the capital programme approach to ensure greater focus is given to the profiling of projects which should provide improved reporting and performance against budget.	Our most recent managerial comments in the 2023/24 Annual Audit Report still applies. It is also hoped that within 2024/25 the EPM capability of Oracle Fusion will be extended to incorporate capital financing and will therefore enable project managers to access virtually live financial information to facilitate decision making and affirm budgetary accountability.
Improvement Rec 2	21	The Council should continue to roll out and embed the business partner model, ensuring that all budget holders have the knowledge and support to ensure this delivers effective financial management.	Finance is going through a restructure to strengthen the support to budget holders, and this will start to demonstrate improvement throughout 24/25. The appointment of three Heads of Finance will further support the partnering model and allow greater financial support and financial ownership of directorates and budget holders. This is further complimented with our Enterprise Performance Management (EPM) module which was launched on Oracle Fusion from December 2023. This module supports budget forecasting and the management of spend in real time. With this accurate, up to the minute data, budget holders can enhance their services and provide further value for money for our residents. An online finance training module has also been introduced which is compulsory for all Council staff to complete.	There has been no change to our most recent managerial comments in the 2022/23 Annual Audit Report.

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Improvement Rec 3	29	To further enhance and strengthen the risk management arrangements in place, the Council should consider an overarching risk surrounding significant and / or complex commercial decisions and programme delivery.	The Corporate Risks undergo regular review by SLT, Directors and members, and SLT consider including additional risks escalated from Directorate Risk Registers and Programme or Projects. The risks around commercial investment and regeneration programmes are included in these discussions and will continue to be. With changes in the Regeneration and Place Directorate Management Team since December 2022, there has been a strengthening in the programme management, governance and understanding of the risks and risk appetite of the organisation. This is alongside the work undertaken for the review and project re-prioritisation as part of the Pathfinder Simplification funding bid, and progress with the Local Plan through 2023. A report is to be presented to ARMC on 26th March 2024 to provide an oversight of the arrangements.	Quarterly review of the Corporate Risk Register by SLT on 10th July 2024, followed by reporting to ARMC 31st July. Discussion at SLT around this improvement recommendation. Work is ongoing to understand and articulate this risk, its existing controls, and any planned actions, taking into account the recent changes and interim reporting arrangements for the Regeneration and Place Directorate.
Improvement Rec 4	30	The Council should enhance its reporting of Internal Audit plan progress by including an overview of progress completion against planned reviews along with the assurance opinion that has been concluded.	New reporting will encompass some form of real time reporting as well as formal reporting to Committee meetings and is scheduled for implementation during 2023/24.	Routine IA Update Reports presented to every ARMC meeting now contain detailed information regarding ongoing completion/delivery of the Audit Plan including a % delivery performance indicator. An appendix to this report developed during 2023-24 and derived from the Power Bi reporting system details all completed audits and includes assurance opinions for each. Action fully implemented.

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Improvement Rec 5	43	<p>The Council should ensure the performance management framework is approved and implemented as soon as possible to enable the Council Plan performance to be reported and monitored.</p>	<p>Performance monitoring was produced for the Wirral Plan but unfortunately it was not published in committee papers. However, we did have a Wirral Plan Performance Management Framework which was in place. The new Council Plan Performance Management Framework is in place, approved by SLT and scheduled for committee in March 2024.</p>	<p>Draft Council Plan Performance Management Framework has gone through initial approval stages with SLT and committee members. Following final sign-off from SLT, the initial plan will be published on the Council website in September 2024.</p>
Improvement Rec 6	44	<p>To enhance and improve the arrangements for reporting on directorate performance, the Council should:</p> <ul style="list-style-type: none"> - Ensure all performance reports including target performance scores, supported by a RAG rated assessment to provide assurance of where targets are being achieved and to highlight areas of concern or under performance. - Record where further actions have been identified to be taken, particularly in respect of those targets that are not meeting expectations. 	<p>There are already some targets in place, and more are currently being worked on. Although not necessarily the case that performance cannot be monitored without targets, management will review the reporting of targets and performance against targets where appropriate in liaison with SLT.</p>	<p>There are already some targets in place, and more are currently being worked on. Although not necessarily the case that performance cannot be monitored without targets, meetings are arranged between WIS and key people from each directorate to identify targets where appropriate. Deadline for finalisation of target setting is December 2024.</p>

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Improvement Rec 7	45	The Council will need to ensure that it's assumptions around commercial income and growth remain prudent and that it maintains a robust framework around its Capital Programme and investment plans to ensure future commercial viability remains positive.	<p>The Council takes seriously any financial arrangement it enters into and where necessary the appropriate expert advice is taken.</p> <p>We are working with an external commercial management company to continuously monitor and assess so that we can minimise the risks, whilst maximising the opportunities within our commercial estate.</p>	There has been no change to our most recent managerial comments in the 2022/23 Annual Audit Report.
Improvement Rec 8	46	The Council should continue to check and challenge requests made to waive Contract Procurement Rules.	The Procurement Team has been restructured and recruitment is underway at present (Q4 2023/24) however it should be noted that securing adequately skilled staff has been challenging and re-engagement with the market, alongside a training programme for current staff, has been necessary in trying to implement to the new structure; the transformation programme will take time to complete.	There has been no change to our most recent managerial comments in the 2022/23 Annual Audit Report.