



AUDIT AND RISK MANAGEMENT COMMITTEE

Tuesday, 24 October 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 2021/22 accounts were approved by the Committee on 1 March 2023. However, changes have subsequently been made to the accounts following a national external audit challenge and this report is to bring to the Committee the amended final Accounts, along with an amended 2021/22 Audit Findings Reports of Wirral Council, which was also presented to the Committee on 1 March 2023.

The 2021/22 Annual Governance Statement is not affected and is therefore not included for further approval alongside the Accounts.

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 revised accounts were prepared and submitted to external audit on 11 August 2023. The external auditors Grant Thornton UK LLP have 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).
- Wirral Council Audit Findings Report 2021/22 (Appendix 2).

RECOMMENDATIONS

The Audit and Risk Management Committee is recommended to:

1. Note the changes to the 2021/22 Accounts, and External Audit Findings Report for Wirral Council.

2. Approve the amended final 2021/22 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 Letters of Representation for Wirral Council and Merseyside Pension Fund.

SUPPORTING INFORMATION

1.0 REASON/S FOR RECOMMENDATIONS

- 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. Prior to these amended Regulations, 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 final 2021/22 Accounts were approved by Committee on 1 March 2023. The accounts now presented are the final Accounts and are brought back to Committee for further approval due to changes to IAS 19 following a national challenge by external auditors.

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 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 and on the Value for Money conclusion, as documented within the Audit Findings Reports previously presented to Committee.

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 Amendments to Statement of Accounts

3.6.1 IAS 19 has changed following a national challenge by external auditors on the assumptions included by actuaries, which has resulted in an increase in the liability of £112.6m as at 31st March 2022.

3.6.2 An additional change to the 2021/22 Accounts relates to the identification of recharge activity included within services' expenditure and income, with a net nil impact on the accounts.

3.6.3 These changes do not impact the Merseyside Pension Fund Accounts. The Pension Fund obtained an updated Actuary Statement, and this is appended to MPF's accounts, to recognise the impact of the triennial valuation.

3.6.4 The Committee is asked to note these amendments and agree to these amendments in the final 2021/22 Statement of Accounts, which have been agreed by officers.

3.7 Audit Findings Reports and Opinion

3.7.1 The final Audit Findings Report for Wirral Council 2021/22 Statement of Accounts was presented to Committee with the final accounts on 1 March 2023, and an amended version is included in Appendix 2.

3.7.2 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.

3.7.3 The Auditors opinion will be included in the audited published 2021/22 Statement of Accounts as soon as practically possible upon approval of the Accounts by the Committee. Grant Thornton's audit report opinion will be unqualified on the Accounts for 2021/22. MPF accounts received 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 2023 which remains as reported to the Policy and Resources Committee on 14 June 2023.

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 30 November 2022. 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, 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.

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 this document 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 2021/22

Appendix 2 – Wirral Council Audit Findings Report 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.

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 2021/22 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
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