



POLICY AND RESOURCES COMMITTEE

13 DECEMBER 2023

REPORT TITLE:	UPDATE ON EXTERNAL AUDIT RECOMMENDATIONS 2020-21
REPORT OF:	DIRECTOR OF FINANCE (S151)

REPORT SUMMARY

The Council's external auditors (Grant Thornton) completed the Council's main audit 2020/21 Accounts in January 2022. Their reports contained a number of recommendations which the Council brought to the Audit and Risk Committee in July 2022.

This report contains exempt information as defined in Schedule 12A of the Local Government Act 1972. It is in the public interest to exclude the press and public during consideration of these items under Paragraph 3 'information relating to financial or business affairs of any particular person (including the authority holding that information)'.

RECOMMENDATION/S

The Policy and Resources Committee is requested to note the reports and the updated response to the external auditors' recommendations.

SUPPORTING INFORMATION

1.0 REASON/S FOR RECOMMENDATION/S

- 1.1 To provide Members with an update on the audit recommendations from the External audit 2020-21 and the progress made with regard those recommendations.

2.0 OTHER OPTIONS CONSIDERED

- 2.1 There is the option not to report on this matter. This would however not be in accordance with the recommendation of the 20th July 2022 Audit and Risk Management Committee made in response to the Council's external auditor Grant Thornton's External Audit Annual Report 2020-21.

3.0 BACKGROUND INFORMATION

- 3.1 Grant Thornton made a number of recommendations as part of their 2020-21 Annual Audit Report and Value for Money review and a number of papers have been taken to Audit and Risk Management Committee and Policy and Resources for the following:
- Assurance of Regeneration Schemes;
 - Minimum Revenue Provision;
 - Social Impact Fund Investment; and
 - Accounting and Governance of Companies and Complex Arrangements.

4.0 FINANCIAL IMPLICATIONS

- 4.1 There are no direct financial implications arising from this report which is for noting.
- 4.2 The Social Impact Fund Investment, involves investments which are intended to produce a rate of return and full repayment of invested sums at a point in the future. As with any investment, there is a risk to capital invested and therefore appropriate mitigation and processes are required to minimise risk.
- 4.3 The Assurance of Regeneration Schemes, report however details the financial guarantees that the council has entered into and activation of any one of these could have significant financial implications.
- 4.4 Should Council agree to amend the current MRP policy there would be immediate consequences which would almost certainly involve an increased charge requirement against the Council's revenue budget.

5.0 LEGAL IMPLICATIONS

- 5.1 In order to comply with the Council's fiduciary duty to the Council Tax payer, it is necessary to demonstrate good governance by the Council of the finances of its joint ventures and controlled companies.

6.0 RESOURCE IMPLICATIONS: STAFFING, ICT AND ASSETS

6.1 None arising directly from this report.

7.0 RELEVANT RISKS

7.1 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 None arising directly from this report.

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.

10.0 ENVIRONMENT AND CLIMATE IMPLICATIONS

10.1 No direct implications. 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 content and/or recommendations contained within this report have no direct implications for community wealth.

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APPENDICES

Appendix 1 – Assurance on Regeneration Schemes (Exempt)

Appendix 2 – Minimum Revenue Provision

Appendix 3 – Social Impact Investment Fund (Exempt)

Appendix 4 – Update on External Audit Recommendations 2020-21

Appendix 5 – Accounting and Governance of Companies and Complex Arrangements (Exempt)

Appendix 6 - Grant Thornton External Audit Recommendations Update

Appendix 7 – Wirral Council Auditors Annual Report Company Governance 2020-21
Appendix 8 – Wirral Council Auditors Annual Report 2020-21

BACKGROUND PAPERS

Grant Thornton Value for Money Governance of Companies and other investments 2020-21
Grant Thornton Auditors Annual Report 2020-21
Legal agreements
CIPFA Code of Practice
International Financial Reporting Standards

SUBJECT HISTORY (last 3 years)

Council Meeting	Date
Audit and Risk Management Committee	24 October 2023
Audit and Risk Management Committee	27 June 2023
Audit and Risk Management Committee	17 January 2023
Audit and Risk Management Committee	26 October 2022
Policy and Resources Committee	07 September 2022
Audit and Risk Management Committee	20 July 2022