



The Annual Audit Letter for Wirral Council

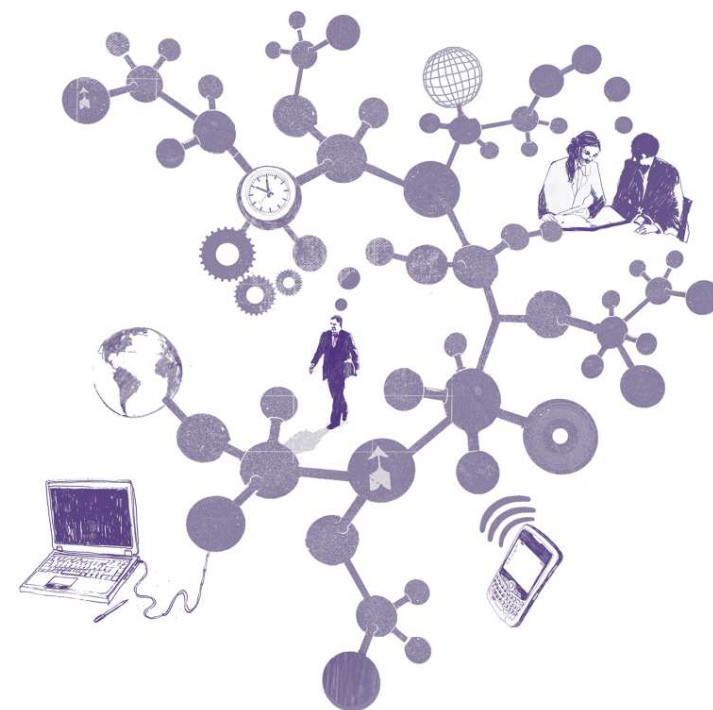
Year ended 31 March 2014

October 2014

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Key messages

Our Annual Audit Letter summarises the key findings arising from the work that we have carried out at Wirral Council ('the Council') for the year ended 31 March 2014.

The Letter is intended to communicate key messages to the Council and external stakeholders, including members of the public. Our annual work programme, which includes nationally prescribed and locally determined work, has been undertaken in accordance with the Audit Plan that we issued in May 2014 and was conducted in accordance with the Audit Commission's Code of Audit Practice, International Standards on Auditing (UK and Ireland) and other guidance issued by the Audit Commission.

Financial statements audit (including audit opinion)	<p>We reported our findings arising from the audit of the financial statements in our Audit Findings Report on 17 September 2014 to the Audit and Risk Management Committee. The key messages reported were:</p> <ul style="list-style-type: none">• No significant issues were identified from our audit of the 2013/14 draft financial statements;• The accounts were well prepared with few errors and the Council provided working papers in support of the draft statements;• Further working papers were produced as required during the audit.; and• Finance staff were available throughout the audit to answer our questions promptly and provided additional information in a timely manner. <p>We issued an unqualified opinion on the Council's 2013/14 financial statements on 29 September 2014, meeting the deadline set by the Department for Communities and Local Government. Our opinion confirms that the financial statements give a true and fair view of the Council's financial position and of the income and expenditure recorded by the Council.</p>
Value for Money (VfM) conclusion	<p>We issued an unqualified VfM conclusion for 2013/14 on 29 September 2014.</p> <p>On the basis of our work, and having regard to the guidance on the specified criteria published by the Audit Commission, we are satisfied that in all significant respects the Council put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ending 31 March 2014. We issued a separate report on Value for Money that was presented to the Audit and Risk Management Committee on 17 September 2014.</p>

Key messages

Whole of Government Accounts	We reviewed the consolidation pack which the Council prepared to support the production of Whole of Government Accounts. We reported that the Council's pack was consistent with the audited financial statements.
Certification of grant claims and returns	Our work on the certification of the grant claim within the scope of the Audit Commission regime is on going. The detailed findings of our work will be reported to the Audit and Risk Management Committee on completion of our work.
Audit fee	Our audit fee for 2013/14 was £213, 150 excluding VAT with further detail included at Appendix B.

Appendix A: Key issues and recommendations

This appendix summarised the significant recommendations identified during the 2013/14 audit that were set out in the report on Value for Money

Area for consideration	Recommendation	Responsibility	Timescale	Management response
Key indicators of performance	Continued action is required to address the issue of historic arrears and the Council needs to ensure that the management of current debt is also robust.	Malcolm Flanagan	On-going throughout 2014/15 but effectiveness will be determined by outturn for 2014/15 in June 2015	For 2014/15 the cumulative position will be monitored against both original targeted debt and in addition newer debt will be examined to enhance the process of assessing progress. Newly created debt, (newly invoiced) will be under scrutiny in 2014/15 as well. It is therefore anticipated collection levels in respect of 2014/2015 will exceed those in respect of the previous year.
	The Council need to closely monitor sickness absence rates and take appropriate action to work toward achieving the target of 8 days.	Chris Hyams	On-going throughout 2014/15	Sickness levels will be closely monitored through the enhanced self serve system. All managers have access to the system that contains employee related information.
Strategic Financial Planning	Ensure that key plans and strategies, including the Corporate Plan and MTFS are updated to reflect the outcome of the Future Council Programme.	Vivienne Quayle	March 2015	A refreshed Corporate Plan will be considered by Full Council on 8 December 2015. The main focus of the refresh will be to ensure that the Corporate Plan is updated to reflect organisational changes and the work of the Future Council programme.
	The Council should develop savings plans for each of the three years covered by the MTFS and set these out within the strategy.	Vivienne Quayle supported by Senior Management	March 2015	The Medium Term Financial Strategy will be considered by Cabinet 10 February 2015. This will be revised to reflect Future Council proposals for savings and new ways of working. The MTFS will contain details of savings plans for future years.

Appendix A: Key issues and recommendations

This appendix summarised the significant recommendations identified during the 2013/14 audit that were set out in the report on Value for Money

Area for consideration	Recommendation	Responsibility	Timescale	Management response
Financial Governance	As the need for robust governance in local government continues to grow, the Council should ensure it provides support to Members and Officers with responsibility for managing budgets.	Graham Burgess	March 2015	Members and CESG will receive updates through monthly monitoring and reviews of the future financial position for the Council. Further support to Members is available on an ad-hoc basis with briefings and training being arranged. For all officers support is in the form of the various approaches to monitoring and the provision of budget monitoring information in a variety of ways. This ranges from reports to one to one meetings plus technical support and advice.
Financial Control	Ensure that the staffing levels within finance are appropriate to allow the Council to address the financial challenges that it faces and to support the delivery of the Future Council Programme.	Vivienne Quayle	March 2015	Levels of finance staff will be kept under review as new structures across the Council develop. A new structure for Financial Services is proposed.

Appendix A: Key issues and recommendations

This appendix summarised the significant recommendations identified during the 2013/14 audit that were set out in the report on Value for Money

Area for consideration	Recommendation	Responsibility	Timescale	Management response
Financial Control	The Council should continue to closely monitor budgets to identify variances at an early stage and ensure appropriate corrective action is taken.	Vivienne Quayle supported by Senior Management	On-going throughout 2014/15 but effectiveness will be determined by outturn for 2014/15 in June 2015	The Council will continue to: <ul style="list-style-type: none">• Report frequently (each month);• Report to CESC and Cabinet;• Report progress on savings separately from budget monitoring;• Use a risk based approach to savings, with BGAR ratings of all savings;• Adopt a project management approach to the delivery of savings;• Report alternative savings and actions that have been required due to slippage or non delivery of savings plans; and• Adopt a corporate approach to corrective action where budget variances occur.

Appendix B: Reports issued and fees

We confirm below the fee charged for the audit and **provision of non-audit services**.

Fees

	Per Audit plan £	Actual fees £
Council audit	211,680	Note 1 – 213,150
Grant certification	40,400	Note 2 - 38,229
Total audit fees	252,080	251,379

Note 1 - There is additional fee of £1,470 in respect of work on material business rates balances. This additional work was necessary as auditors are no longer required to carry out work to certify NDR3 claims. The additional fee is 50% of the average fee previously charged for NDR3 certifications for Metropolitan Councils and is subject to agreement by the Audit Commission.

Note 2 - At the time of setting the grant certification fee it was anticipated that we would be required to certify the following claims:

- **Housing and Council Tax Benefit:** The revised fee for grant certification covers a revised fee for this claim now that it no longer covers council tax benefit.
- **Teachers' Pension Claim:** This will no longer come under the Audit Commission regime and will be subject to a separate review with the fee being classed as 'Fees for other services'.

Fees for other services

Service	Fees £
Regional Growth Fund (RGF) - Audit Reports	1,950

Reports issued

Report	Date issued
Audit Plan	May 2014
Audit Findings Report	September 2014
Certification report	Not yet issued – January 2015
VfM – Findings Report	September 2014
Annual Audit Letter	October 2014



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