

**AUDIT COMMISSION ISA 260 (UK&I) AUDIT AND AMENDED STATEMENT OF
ACCOUNTS
WDA/57/08**

Recommendation

That:

1. the Auditor's findings attached at Appendix 1 to the report be noted;
2. Members note the recommendations contained within the auditor's report to strengthen the Authority's financial and governance arrangements;
3. the Treasurer of the Authority sign the letter of representation attached at Appendix 2; and
4. Members approve the amended Statement of Accounts 2007/08 attached at Appendix 3 and agree that it be signed by the Chairperson and the Treasurer on behalf of the Authority.

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Report of the Director

1. Purpose of the Report

- 1.1 To present Members with the findings, conclusions and recommendations resulting from the Audit Commission's review of the Authority's performance in compliance with ISA 260 (UK&I).

2. Background

- 2.1 The Code of Audit Practice 2005 came into effect on 31st March 2006 and requires the Audit Commission who act as the Authority's external auditor, to produce a "Report to Those Charged with Governance".
- 2.2 This covers all of the auditor's responsibilities under the Code and incorporates an audit of the accounts required by professional auditing standards and a value for money conclusion.
- 2.3 These findings inform the Annual Audit Letter, published later in the year, which is a high level, concise report covering only the key issues arising from the audit.

3. Report to those Charged with Governance

- 3.1 The Audit Commission's report is attached at Appendix 1 to this report. The report includes the auditor's opinion in relation to:
- the Authority's financial statements 2007/08
 - a Value for Money conclusion in relation to 2007/08
- 3.2 The Auditor has given unqualified opinions of each audit area but highlights some areas of improvement for action by the Director.
- 3.3 The recommendations in terms of the Authority's financial statements are as follows:

- The Authority needs to ensure there is a process to resolve litigation and claims relating to MWHL and to assess the impact on the Authority.
 - The Authority needs to improve quality assurance arrangements for preparing group accounts.
 - The Authority needs to assess and monitor the financial risks of capitalising procurement costs.
- 3.4 The recommendations in terms of the Value for Money conclusion are as follows:
- Introduce an asset management plan.
 - Strengthen arrangements for identifying interests of members at Authority level.

4. Amendments to the Statement of Accounts 2007/08

- 4.1 During the audit process, the Auditor has highlighted a number of amendments required to the Authority's Statement of Accounts 2007/08.
- 4.2 The most significant aspects of the changes are highlighted in paragraph 18 of the Auditor's report. A summary of all of the amendments is included in Table 5 of Appendix 2 of the Auditor's report.
- 4.3 An amended Statement of Accounts 2007/08 is attached at Appendix 3 for Members approval. Members are also asked to approve that it be signed by the Chairperson and the Treasurer on behalf of the Authority.
- 4.4 Members are also requested to approve that the Treasurer sign a letter of representation on behalf of the Authority, which provides assurances that the financial statements present a fair and accurate representation. The proposed letter of representation is attached at Appendix 2.

5. Risk Implications

- 5.1 The Authority has a statutory duty to publish audited accounts each year and failure to do so would lead to a qualified opinion by the Authority's external auditors.

6. Environmental Implications

- 6.1 There are no environmental implications associated with this report.

7. Financial Implications

7.1 There are no environmental implications associated with this report.

8. Conclusion

8.1 Members are asked to approve the amended Statement of Accounts 2007/08 and note the recommendations contained within the auditor's report to strengthen the Authority's financial and governance arrangements.

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The background documents to this report are open to inspection in accordance with Section 100D of The Local Government Act 1972 - Nil.