

Audit Committee – Supplementary agenda No.1

A meeting of the Audit Committee will be held on:

Date: 28 July 2021

Time: 7.00pm

Venue: Civic Suite - Level 2, Gun Wharf, Dock Road, Chatham ME4 4TR

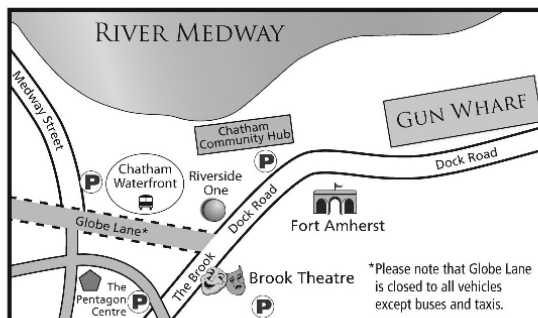
Items

6. **Statement of Accounts 2019/20 and Audit Findings Report** (Pages
2019/20 3 - 16)

Addendum report is enclosed

For further information please contact Wayne Hemingway, Head of Democratic Services on Telephone: 01634 332509 or Email: democratic.services@medway.gov.uk

Date: 26 July 2021



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বাংলা	331780	ગુજરાતી	331782	ਪੰਜਾਬੀ	331784	کوردی	331841	ارو	331785	Русский	332374
中文	331781	हिंदी	331783	Polski	332373	এহ্‌ব্‌শফ	331786	فارسی	331840	Lietuviškai	332372



AUDIT COMMITTEE

28 JULY 2021

STATEMENT OF ACCOUNTS 2019/20 AND AUDIT FINDINGS REPORT 2019/20 – ADDENDUM REPORT

Report from: Phil Watts, Chief Finance Officer
Author: Katey Durkin, Head of Finance Strategy

Summary

This addendum report sets out the following information:

Statement of Accounts 2019/20 (Appendix 1) – the Independent Auditor’s (Grant Thornton) report to Members of Medway Council is attached. This was marked as “to follow” in the main agenda pack (page nos. 80-82 refer).

Audit Findings Report 2019/20 (Appendix 2) – it is necessary for the Chief Finance Officer and the Chairman to write to the Independent Auditors for the purpose of expressing an opinion as to whether the financial statements are presented fairly, in all material respects in accordance with International Financial Reporting Standards and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2019/20 and applicable law. This letter forms Appendix E to the Audit Findings Report and subject to the Committee agreeing the letter, the Chief Finance Officer and Chairman will be asked to sign this letter at the meeting.

1. Additional recommendation

In addition to recommendations 7.1 and 7.2 in the main report, the Committee is also asked to agree the following:

- 7.3 The Committee is asked to agree the Management Representations letter, as set out in Appendix E to the Audit Findings Report.

Lead officer contact

Katey Durkin, Head of Finance Strategy email: katey.durkin@medway.gov.uk

Appendices

Appendix 1 – Statement of Accounts 2019/20 - Independent Auditor’s report to Members of Medway Council.

Appendix 2 – External Audit Findings Report for the year ended March 2020 -
Management Representations letter (Appendix E to Appendix 2)

Independent auditor's report to the members of Medway Council

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Medway Council (the 'Authority') for the year ended 31 March 2020 which comprise the Comprehensive Income and Expenditure Statement, the Movement in Reserves Statement, the Balance Sheet, the Cash Flow Statement, the Housing Revenue Account Income and Expenditure Statement, the Movement on the Housing Revenue Account Statements, the Collection Fund Accounts and notes to the financial statements, including a summary of significant accounting policies. The notes to the financial statements include Notes to the Core Financial Statements, Policies and Judgements, EFA, Notes to the Housing Revenue Account Statements and Notes to the Collection Fund Accounts. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC code of practice on local authority accounting in the United Kingdom 2019/20.

In our opinion, the financial statements:

- give a true and fair view of the financial position of the Authority as at 31 March 2020 and of its expenditure and income for the year then ended;
- have been properly prepared in accordance with the CIPFA/LASAAC code of practice on local authority accounting in the United Kingdom 2019/20; and
- have been prepared in accordance with the requirements of the Local Audit and Accountability Act 2014.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the Authority in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

The impact of macro-economic uncertainties on our audit

Our audit of the financial statements requires us to obtain an understanding of all relevant uncertainties, including those arising as a consequence of the effects of macro-economic uncertainties such as Covid-19 and Brexit. All audits assess and challenge the reasonableness of estimates made by the Chief Finance Officer and the related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the Authority's future operational arrangements.

Covid-19 and Brexit are amongst the most significant economic events currently faced by the UK, and at the date of this report their effects are subject to unprecedented levels of uncertainty, with the full range of possible outcomes and their impacts unknown. We applied a standardised firm-wide approach in response to these uncertainties when assessing the Authority's future operational arrangements. However, no audit should be expected to predict the unknowable factors or all possible future implications for an authority associated with these particular events.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Chief Finance Officer's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Chief Finance Officer has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Authority's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

In our evaluation of the Chief Finance Officer's conclusions, and in accordance with the expectation set out within the CIPFA/LASAAC code of practice on local authority accounting in the United Kingdom 2019/20 that the Authority's financial statements shall be prepared on a going concern basis, we considered the risks associated with the Authority's operating activities, including effects arising from macro-economic uncertainties such as Covid-19 and Brexit. We analysed how those risks might affect the Authority's financial resources or ability to continue operations over the period of at least twelve months from the date when the financial statements are authorised for issue. In accordance with the above, we have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the Authority will continue in operation.

Emphasis of Matter – effects of Covid-19 on the valuation of land and buildings and property investments

We draw attention to Note 4 of the financial statements, which describes the effects of the Covid-19 pandemic on the valuation of the Authority's land and buildings and the Authority's share of the pension fund's property investments as at 31 March 2020. As, disclosed in note 4 to the financial statements,

- the outbreak of Novel Coronavirus (COVID-19) has impacted on activity in many sectors. As at the valuation date, it is considered that less weight can be attached to previous market evidence for comparison purposes, to inform opinions of value. The current response to COVID-19 means that valuers have been faced with an unprecedented set of circumstances on which to base a judgement. Valuations are therefore reported on the basis of 'material valuation uncertainty'. Consequently, less certainty- and a higher degree of caution – should be attached to the valuation than would normally be the case. Given the unknown future impact that COVID-19 might have on the real estate market, it is incumbent upon the Council to keep the valuation of the General Fund properties under frequent review.
- Estimation of the net liability to pay pensions depends on a number of complex judgments relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of actuaries is engaged to provide the Authority with expert advice about the assumptions to be applied. Kent Pension Fund disclosed a 'material valuation uncertainty' in relation to the directly held property and pooled property funds within the assets of the pension fund. This is due to the level of uncertainty since the outbreak of COVID-19. The Authority's share of these assets is material and therefore the uncertainty has been disclosed.

Our opinion is not modified in respect of this matter.

Other information

The Chief Finance Officer is responsible for the other information. The other information comprises the information in the Statement of Accounts which includes the Narrative Report and the Annual Governance Statement, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge of the Authority obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Other information we are required to report on by exception under the Code of Audit Practice

Under the Code of Audit Practice published by the National Audit Office on behalf of the Comptroller and Auditor General (the Code of Audit Practice) we are required to consider whether the Annual Governance Statement does not comply with the 'delivering good governance in Local Government Framework 2016 Edition' published by CIPFA and SOLACE or is misleading or inconsistent with the information of which we are aware from our audit. We are not required to consider

whether the Annual Governance Statement addresses all risks and controls or that risks are satisfactorily addressed by internal controls.

We have nothing to report in this regard.

Opinion on other matter required by the Code of Audit Practice

In our opinion, based on the work undertaken in the course of the audit of the financial statements and our knowledge of the Authority gained through our work in relation to the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources, the other information published together with the financial statements in the Statement of Accounts, the Narrative Report and the Annual Governance Statement for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

Under the Code of Audit Practice, we are required to report to you if:

- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we make a written recommendation to the Authority under section 24 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we make an application to the court for a declaration that an item of account is contrary to law under Section 28 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or;
- we issue an advisory notice under Section 29 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we make an application for judicial review under Section 31 of the Local Audit and Accountability Act 2014, in the course of, or at the conclusion of the audit.

We have nothing to report in respect of the above matters.

Responsibilities of the Authority, the Chief Finance Officer and Those Charged with Governance for the financial statements

As explained more fully in the Statement of Responsibilities set out on page 35, the Authority is required to make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this authority, that officer is the Chief Finance Officer. The Chief Finance Officer is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC code of practice on local authority accounting in the United Kingdom 2019/20, for being satisfied that they give a true and fair view, and for such internal control as the Chief Finance Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Chief Finance Officer is responsible for assessing the Authority's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless there is an intention by government that the services provided by the Authority will no longer be provided.

The Audit Committee is Those Charged with Governance. Those charged with governance are responsible for overseeing the Authority's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Report on other legal and regulatory requirements - Conclusion on the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources

Qualified conclusion

On the basis of our work, having regard to the guidance on the specified criterion issued by the Comptroller and Auditor General in April 2020, except for the effects of the matters described in the basis for qualified conclusion section of our report we are satisfied that, in all significant respects Medway Council put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2020.

Basis for qualified conclusion

Our review of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources identified the following matters:

- Ofsted issued a report on the Council's children's social care services issued on 27 August 2019 which judged services to help and protect children in Medway to be 'inadequate'. Ofsted stated in their report that "Most areas have deteriorated since the single inspection of services in 2015. Many vulnerable children who have experienced long-term neglect, and those at risk of exploitation and who go missing from home or care, live in situations of actual harm or are at risk of harm for too long. Senior leaders have sustained improvements in the 'front door' single point of access (SPA) and the multi-agency safeguarding hub (MASH) following the priority actions identified in the 2018 joint targeted area inspection. However, they have failed to recognise or address the serious and widespread concerns identified by inspectors in the early help hubs and the assessment and longer-term team 'pods'. Attempts to drive improvement in these areas have had little impact, and the pace of change has been too slow." Subsequent focused visits were performed by Ofsted on 25 and 26 May 2021 recognised that some improvements in service delivery had been made, it also highlighted needs to improve service delivery in this area of social work practice.

Responsibilities of the Authority

The Authority is responsible for putting in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources, to ensure proper stewardship and governance, and to review regularly the adequacy and effectiveness of these arrangements.

Auditor's responsibilities for the review of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources

We are required under Section 20(1)(c) of the Local Audit and Accountability Act 2014 to be satisfied that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We are not required to consider, nor have we considered, whether all aspects of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

We have undertaken our review in accordance with the Code of Audit Practice, having regard to the guidance on the specified criterion issued by the Comptroller and Auditor General in April 2020, as to whether in all significant respects the Authority had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people. The Comptroller and Auditor General determined this criterion as that necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether the Authority put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2020.

We planned our work in accordance with the Code of Audit Practice. Based on our risk assessment, we undertook such work as we considered necessary to be satisfied that the Authority has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

Report on other legal and regulatory requirements - Delay in certification of completion of the audit

We cannot formally conclude the audit and issue an audit certificate in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice until we have completed the work necessary to issue our Whole of Government Accounts (WGA) Component Assurance statement for the Authority for the year ended 31 March

2020. We are satisfied that this work does not have a material effect on the financial statements or on our conclusion on the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2020.

Use of our report

This report is made solely to the members of the Authority, as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014 and as set out in paragraph 43 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. Our audit work has been undertaken so that we might state to the Authority's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Authority and the Authority's members as a body, for our audit work, for this report, or for the opinions we have formed.

[Signature]

Darren J Wells, Key Audit Partner

for and on behalf of Grant Thornton UK LLP, Local Auditor

Gatwick

Date

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Please contact: Phil Watts
Your ref:
Our ref: PW/RW/0035
Date: 28 July 2021



Darren Wells
Grant Thornton UK LLP
30 Finsbury Square
London
EC2P 2YU

Appendix 2
Business Support Department
Gun Wharf
Dock Road
Chatham
Kent ME4 4TR
Telephone: 01634 306000
Direct line: 01634 332220
Facsimile: 01634 332876
e-mail: phil.watts@medway.gov.uk

Dear Darren

Medway Council Financial Statements for the year ended 31 March 2020

This representation letter is provided in connection with the audit of the financial statements of Medway Council (the Council) for the year ended 31 March 2020 for the purpose of expressing an opinion as to whether the financial statements are presented fairly, in all material respects in accordance with International Financial Reporting Standards and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2019/20 and applicable law. We confirm that to the best of our knowledge and belief having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves:

Financial Statements

- i. We have fulfilled our responsibilities for the preparation of the Council's financial statements in accordance with International Financial Reporting Standards and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2019/20 ("the Code"); in particular the financial statements are fairly presented in accordance therewith.
- ii. We have complied with the requirements of all statutory directions affecting the Council and these matters have been appropriately reflected and disclosed in the financial statements.
- iii. The Council has complied with all aspects of contractual agreements that could have a material effect on the financial statements in the event of non-compliance. There has been no non-compliance with requirements of any regulatory authorities that could have a material effect on the financial statements in the event of non-compliance.
- iv. We acknowledge our responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud.
- v. Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable. We are satisfied that the material judgements used in the preparation of the financial statements are soundly based, in accordance with the Code and adequately disclosed in the financial statements.
- vi. We confirm that we are satisfied that the actuarial assumptions underlying the valuation of pension scheme assets and liabilities for IAS19 Employee Benefits disclosures are consistent with our knowledge. We confirm that all settlements and curtailments have been identified and properly accounted for. We also confirm that all significant post-employment benefits have been identified and properly accounted for.

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- vii. Except as disclosed in the financial statements:
 - a. there are no unrecorded liabilities, actual or contingent
 - b. none of the assets of the Council has been assigned, pledged or mortgaged
 - c. there are no material prior year charges or credits, nor exceptional or non-recurring items requiring separate disclosure.
- viii. Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of International Financial Reporting Standards and the Code.
- ix. All events subsequent to the date of the financial statements and for which International Financial Reporting Standards and the Code require adjustment or disclosure have been adjusted or disclosed.
- x. We have considered the adjusted misstatements, and misclassification and disclosure changes schedules included in your Audit Findings Report. The financial statements have been amended for these misstatements, misclassifications and disclosure changes and are free of material misstatements, including omissions.
- xi. We have considered the unadjusted misstatements schedule included in your Audit Findings Report and attached below. We have not adjusted the financial statements for these misstatements brought to our attention as they are immaterial to the results of the Council and its financial position at the year-end. The financial statements are free of material misstatements, including omissions.
- xii. Actual or possible litigation and claims have been accounted for and disclosed in accordance with the requirements of International Financial Reporting Standards.
- xiii. We have no plans or intentions that may materially alter the carrying value or classification of assets and liabilities reflected in the financial statements.
- xiv. We have updated our going concern assessment and cashflow forecasts in light of the Covid-19 pandemic. We continue to believe that the Council's financial statements should be prepared on a going concern basis and have not identified any material uncertainties related to going concern on the grounds that current and future sources of funding or support will be more than adequate for the Council's need. We believe that no further disclosures relating to the Council's ability to continue as a going concern need to be made in the financial statements.
- xv. As disclosed in Note 4 to the Council Statements of Accounts we are disclosing a material uncertainty in respect of the valuation of property assets, investment properties, assets held for sales, the net pension liability as a result of market uncertainty created by the Covid-19 pandemic. However, we are satisfied that the values presented in the financial statements represent the best evidence of value as at 31 March 2020.

Information Provided

- xvi. We have provided you with:
 - a. access to all information of which we are aware that is relevant to the preparation of the financial statements such as records, documentation and other matters;
 - b. additional information that you have requested from us for the purpose of your audit; and
 - c. access to persons within the Council via remote arrangements, in compliance with the nationally specified social distancing requirements established by the government in response to the Covid-19 pandemic. from whom you determined it necessary to obtain audit evidence.

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- xvii. We have communicated to you all deficiencies in internal control of which management is aware.
- xviii. All transactions have been recorded in the accounting records and are reflected in the financial statements.
- xix. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- xx. We have disclosed to you all information in relation to fraud or suspected fraud that we are aware of and that affects the Council, and involves:
 - a. management;
 - b. employees who have significant roles in internal control; or
 - c. others where the fraud could have a material effect on the financial statements.
- xxi. We have disclosed to you all information in relation to allegations of fraud, or suspected fraud, affecting the financial statements communicated by employees, former employees, analysts, regulators or others.
- xxii. We have disclosed to you all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing financial statements.
- xxiii. We have disclosed to you the identity of the Council's related parties and all the related party relationships and transactions of which we are aware.
- xxiv. We have disclosed to you all known actual or possible litigation and claims whose effects should be considered when preparing the financial statements.

Specific representations

xxv. Property, plant and equipment additions

The Council had used a variety of methods to work out the salary recharge to capitalise:

- using timesheets to identify the time directly attributable to the capital project by the individual;
- using charge out rates for the individual, which would be similar to commercial rates third parties would charge the council; or
- applying percentages to contracts managed by project leads to the contracts value to determine the capital value of their time.

The Council estimation method noted above is a historic practice and may go back several years.

This identified concerns that the Council was not capitalising staff time based on the cost to the authority as per IAS16. After further work by the Council, it identified via revenue codes the population this related to which was £3.7m in value. Due to the way the Council has captured this information, establishing the exact capital cost was not possible for all the capital spend.

Therefore, the Council asked the departments to estimate the time staff had spent on capital projects to judge what the capital spend would have been. On this basis the Council determined an estimate of over-capitalised salary costs of up to £1.2m and therefore understated revenue expenditure by the same amount.

Review of prior year

The Council also reviewed the prior period impact was and also noted a further error with regards to the classification of revenue and capital spend and noted the following key points:

- the error identified went back at least 6 years and may go back further to the date IFRS accounting standards were implemented, which is 10 years ago;
- the error of £1,230k impacted infrastructure assets by £560k and assets that are revalued by £670k;
- over the same period, we had also overcharged revenue on work that should have been capitalised. We identified in 2019/20 that the value of this was £774k and that similar misstatements had occurred in each of the previous 6-10 years. However the overcharge would offset the error (£560k) identified for infrastructure assets;
- as part of the rolling revaluation programme on a regular basis, the valuation would be corrected in the CIES and the Balance sheet. However the impact of the statutory adjustments would mean the General Fund would received a benefit due to this.
- extrapolating the impact of this over a period of 6-10 years would impact on the General Fund in the range of £2.4m to £4.7m.

The failure of not capitalising staff time based on the cost to the authority as per IAS16 is a control failing on the part of the Council but, notwithstanding this, we confirm the estimate of over-capitalised salary costs is the most accurate estimate and the impact on the General Fund in 2019/20 and the prior period are not material.

Annual Governance Statement

- xxvi. We are satisfied that the Annual Governance Statement (AGS) fairly reflects the Council's risk assurance and governance framework and we confirm that we are not aware of any significant risks that are not disclosed within the AGS.

Narrative Report

- xxvii. The disclosures within the Narrative Report fairly reflect our understanding of the Council's financial and operating performance over the period covered by the financial statements.

Approval

The approval of this letter of representation in draft form was minuted by the Council's Audit Committee at its meeting on 28 July 2021.

Yours sincerely

Phil Watts
Chief Finance Officer

Councillor Gary Hackwell
Chairman, Audit Committee

Enc. Appendix C

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Audit unadjusted errors

We are required to report all non trivial misstatements to those charged with governance, whether or not the accounts have been adjusted by management.

Impact of unadjusted misstatements

All unadjusted misstatements are set out in detail below along with the impact on the key statements and the reported net expenditure for the year ending 31 March 2020.

Detail	CIES £'000	Balance Sheet £' 000	Impact on General Fund £'000
Council Tax Bad Debt Provision - the model used to estimate the council tax bad debt provision was updated during the year. The revision resulted in the Council's share of Provisions being understated by £3,664k. DR Expenditure CR Debtors	(3,664)	(3,664)	(3,664)
Collection Fund Creditors - we identified three errors within the Collection Fund Creditors as follows	nil	1,657	nil
- difference between Integra and the Northgate Collection Fund system resulting in creditors and debtors being overstated (£1,923k)		(1,657)	
- misclassification of deferred income and other debtors being overstated (£201k)			
- input error from the collection fund model Collection Fund Creditors and Debtors were understated (£467k)			
DR Creditors CR Debtors			
PPE Additions – error identified in over capitalisation of staff costs DR Expenditure CR PPE	(1,230)	(1,230)	(1,230)
PPE Additions – error identified following discussions with Council DR PPE CR Expenditure	560	560	560
PPE Additions – Consideration of the prior period impact of overcapitalisation on the General Fund This was estimated by the council and therefore a range has been provided.			(821) To (1,565)
Overall impact	(4,334)	(4,334)	(5,155) To (5,899)

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