



Leicester  
City Council

## Addendum report

### MEETING OF THE GOVERNANCE AND AUDIT COMMITTEE

**TUESDAY, 11 FEBRUARY 2025**

Further to the agenda for the above meeting which has already been circulated, please find attached the following:-

4. Statutory Statement of Accounts and Annual Governance Statement 2023/24

Addendum

Appendix 1 – Updated Audit findings Report from Grant Thornton **Pages 1-56**

Appendix 2 - Amendments to the Statement of Accounts **Pages 57-64**

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# The Audit Findings (ISA260) Report for Leicester City Council

Year ended 31 March 2024

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Appendix 1



**Private and  
Confidential**

Leicester City Council

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11th February 2024

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Dear Members of the Audit and Governance committee

## Audit Findings for Leicester City Council for the year ended 31 March 2024

This Audit Findings presents the observations arising from the audit that are significant to the responsibility of those charged with governance to oversee the financial reporting process and confirmation of auditor independence, as required by International Standard on Auditing (UK) 260. Its contents will be discussed with the Audit and Governance Committee.

As auditor we are responsible for performing the audit, in accordance with International Standards on Auditing (UK), which is directed towards forming and expressing an opinion on the financial statements that have been prepared by management with the oversight of those charged with governance. The audit of the financial statements does not relieve management or those charged with governance of their responsibilities for the preparation of the financial statements.

The contents of this report relate only to those matters which came to our attention during the conduct of our normal audit procedures which are designed for the purpose of expressing our opinion on the financial statements. Our audit is not designed to test all internal controls or identify all areas of control weakness. However, where, as part of our testing, we identify control weaknesses, we will report these to you. In consequence, our work cannot be relied upon to disclose all defalcations or other irregularities, or to include all possible improvements in internal control that a more extensive special examination might identify. This report has been prepared solely for your benefit and should not be quoted in whole or in part without our prior written consent. We do not accept any responsibility for any loss occasioned to any third party acting, or refraining from acting on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.

We encourage you to read our transparency report which sets out how the firm complies with the requirements of the Audit Firm Governance Code and the steps we have taken to drive audit quality by reference to the Audit Quality Framework. The report includes information on the firm's processes and practices for quality control, for ensuring independence and objectivity, for partner remuneration, our governance, our international network arrangements and our core values, amongst other things. This report is available at [transparency-report-2023.pdf \(grantthornton.co.uk\)](#).

We would like to take this opportunity to record our appreciation for the kind assistance provided by the finance team and other staff during our audit.

Avtar Sohal

Director  
For Grant Thornton UK LLP

### Chartered Accountants

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# Contents



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The contents of this report relate only to the matters which have come to our attention, which we believe need to be reported to you as part of our audit planning process. It is not a comprehensive record of all the relevant matters, which may be subject to change, and in particular we cannot be held responsible to you for reporting all of the risks which may affect the Council or all weaknesses in your internal controls. This report has been prepared solely for your benefit and should not be quoted in whole or in part without our prior written consent. We do not accept any responsibility for any loss occasioned to any third party acting, or refraining from acting on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.

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# 1. Headlines

This table summarises the key findings and other matters arising from the statutory audit of Leicester City Council ('the Council') and the preparation of the Council's financial statements for the year ended 31 March 2024 for the attention of those charged with governance.

## Financial Statements

Under International Standards of Audit (UK) (ISAs) and the National Audit Office (NAO) Code of Audit Practice ('the Code'), we are required to report whether, in our opinion:

- the Council's financial statements give a true and fair view of the financial position of the Council and the Council's income and expenditure for the year; and
- have been properly prepared in accordance with the CIPFA/LASAAC code of practice on local authority accounting and prepared in accordance with the Local Audit and Accountability Act 2014.

We are also required to report whether other information published together with the audited financial statements including the Annual Governance Statement (AGS), and Narrative Report, is materially consistent with the financial statements and with our knowledge obtained during the audit, or otherwise whether this information appears to be materially misstated.

Our audit work was completed via a hybrid approach on site and remotely during from July to date.

We have identified £TBC adjustments to the financial statements that have resulted in a £TBCm adjustment to the Council's Comprehensive Income and Expenditure Statement. These have no impact on the level of the Council's useable reserves.

Audit adjustments are detailed at Appendix D. We have also raised recommendations for management as a result of our audit work. These are set out at Appendix B. Our follow up of recommendations from the prior year's audit are detailed at Appendix C.

Due to the level of unadjusted misstatements identified in Appendix D, we are required to undertake additional internal quality checks before we can issue our opinion. These should be completed between the publication of the Agenda and the meeting of the Governance and Audit Committee and we will update the Committee verbally at the meeting.

Our work is complete except for the following outstanding matters;

- receipt and review of the amendments to be made to PPE, on which we will complete our accounting treatment testing;
- receipt of management representation letter, which is presented alongside this report;
- updating our post balance sheet events review, to the date of signing the opinion, including consideration of any updates to the Council's disclosed contingent liabilities and whether any additions to the Council's provisions balance is required (based on outcome of any legal cases for instance; and
- review of the final set of financial statements to confirm amendments made are appropriate.

The identification of a number of errors in our sampling, has led to additional work, and in some cases, extended testing in the areas of fees and charges income, debtors, expenditure completeness, income completeness, and capital receipts. We have also experienced delays to the completion of the audit with queries in respect of Property, Plant and Equipment (PP&E). This work has now been completed, however we have been reporting issues in the valuation process since 2019/20, recommending each year that the Council improve in this area yet the same problems remain, which cause a significant impact on completing audit procedures.

We have concluded that the other information to be published with the financial statements, including the Annual Governance Statement, is consistent with our knowledge of your organisation and with the financial statements we have audited.

Our anticipated financial statements audit report opinion will be unqualified including a significant weakness in the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources. We anticipate signing your accounts subsequent to the completion of the outstanding matters highlighted above.

# 1. Headlines (continued)

## Value for Money (VFM) arrangements

Under the National Audit Office (NAO) Code of Audit Practice ('the Code'), we are required to consider whether the Council has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources. Auditors are required to report in more detail on the Council's overall arrangements, as well as key recommendations on any significant weaknesses in arrangements identified during the audit.

51 Auditors are required to report their commentary on the Council's arrangements under the following specified criteria:

- Improving economy, efficiency and effectiveness;
- Financial sustainability; and
- Governance

Our work on the Council's value for money (VFM) arrangements will be reported in our commentary on the Council's arrangements in our Auditor's Annual Report (AAR). We have completed our VFM work and our detailed commentary is set out in the separate Auditor's Annual Report, which is presented alongside this report. We identified a significant weakness in the Council's arrangements and so are not satisfied that the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. Our findings are set out in the value for money arrangements section of this report (Section 3).

## Statutory duties

The Local Audit and Accountability Act 2014 ('the Act') also requires us to:

- report to you if we have applied any of the additional powers and duties ascribed to us under the Act; and
- to certify the closure of the audit.

We have not exercised any of our additional statutory powers or duties.

We have completed the majority of work under the Code. However we cannot certify the closure of the 2023/24 audit until the 2022/23 audit is certified as closed, which was delayed due to ongoing work in response to an objection raised in the prior year.

We cannot formally conclude the audit and issue an audit certificate for Leicester City Council for the year ended 31 March 2024 in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice until the National Audit Office has concluded their work in respect of WGA for the year ended 31 March 2024

## Significant matters

As noted on page 4 we have continued to encounter significant difficulties in our audit of the Council's PP&E valuations, specifically its other land and buildings, which are valued by the Council's internal valuation team, as detailed on pages 10-11 of our report.

As a result of this, as well as to reflect time spent on additional testing to gain appropriate assurance following fails identified in our sample testing, we will be raising a fee variation. This is set out in further detail at Appendix E.

# 1. Headlines (continued)

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## National context – audit backlog

### Government proposals around the backstop

On 30 July 2024, the Minister of State for Local Government and English Devolution, Jim McMahon, provided the following written statement to Parliament [Written statements - Written questions, answers and statements - UK Parliament](#) This confirm the government's intention to introduce a backstop date for English local authority audits up to 2022/23 of 13 December 2024. A backstop date for 2023/24 was proposed of 28 February 2025. The instrument to implement the backstop has since been laid before parliament and has now taken effect.

We intend to issue our audit opinion ahead of the 28 February 2025 deadline, subject to the outstanding matters being resolved as outlined on page 4.

### New National Audit Office Code

As part of ongoing reforms to local audit, the National Audit Office has also laid a new Code before Parliament. One of the objectives is the new Code is to ensure more timely reporting of audit work, including Value for Money. The Code requires that from 2025, auditors will issue their Annual Auditor's Report by November each year. We have already put resource plans in place to ensure we achieve this deadline across all audited bodies.

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## National context – level of borrowing

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All Councils continue to operate in an increasingly challenging financial context. With inflationary pressures placing increasing demands on Council budgets, there are concerns as Councils look to alternative ways to generate income. We have seen an increasing number of councils look to ways of utilising investment property portfolios as sources of recurrent income. Whilst there have been some successful ventures and some prudently funded by councils' existing resources, we have also seen some councils take excessive risks by borrowing sums in excess of their revenue budgets to finance these investment schemes. Additionally, we have also seen some authorities lending money to their subsidiary companies, which may not be in a position to repay those loans.

The impact of these huge debts on Councils, the risk of potential bad debt write offs and the implications of the poor governance behind some of these decisions are all issues which now have to be considered by auditors across local authority audits.

The Council is historically risk averse in this way (it does not have investment properties for instance), and we have not identified any areas of concern at the Council from the work done to date. However, as noted later in this report, financial sustainability is becoming ever more challenging for the Council. In seeking to identify alternative methods of balancing the books in the future in the face of high costs and high demand, the Mayor and Council need to be alert to the risk that decisions could be made, which may benefit in the short-term but have longer term disadvantageous implications i.e. on the Council's minimum revenue provision for example. The Mayor and members will therefore need to ensure their arrangements continue to support making decisions, which are informed, and affordable in the longer term.

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# 2. Financial Statements

## Overview of the scope of our audit

This Audit Findings Report presents the observations arising from the audit that are significant to the responsibility of those charged with governance to oversee the financial reporting process, as required by International Standard on Auditing (UK) 260 and the Code of Audit Practice ('the Code'). Its contents have been discussed with management and will be discussed with the Audit and Governance Committee.

✓ As auditor we are responsible for performing the audit, in accordance with International Standards on Auditing (UK) and the Code, which is directed towards forming and expressing an opinion on the financial statements that have been prepared by management with the oversight of those charged with governance. The audit of the financial statements does not relieve management or those charged with governance of their responsibilities for the preparation of the financial statements.

## Audit approach

Our audit approach was based on a thorough understanding of the Council's business and is risk based, and in particular included:

- An evaluation of the Council's internal controls environment, including its IT systems and controls;
- Substantive testing on significant transactions and material account balances, including the procedures outlined in this report in relation to the key audit risks

We have not had to alter our audit plan, as communicated to you on 7 August 2024.

## Conclusion

We have substantially completed our audit of your financial statements and subject to outstanding queries being resolved, we anticipate issuing an unqualified audit opinion following the Governance and Audit Committee meeting on 11<sup>th</sup> February 2025, as presented alongside this report. These outstanding items include:

- receipt and review of the amendments to be made to PPE, on which we will complete our accounting treatment testing;
- receipt of management representation letter, which is presented alongside this report;
- updating our post balance sheet events review, to the date of signing the opinion, including consideration of any updates to the Council's disclosed contingent liabilities and whether any additions to the Council's provisions balance is required (based on outcome of any legal cases for instance; and
- review of the final set of financial statements to confirm amendments made are appropriate.

## Acknowledgements and findings

We would like to take this opportunity to record our appreciation for the assistance provided by the finance team and other staff. As highlighted on pages 4 and 5, during the course of the audit both your finance team and our audit team faced significant challenges, such as:

- Delays in receiving evidence to support the valuations of other land and buildings for the key inputs and assumptions, such as land values.
- Material and pervasive issues identified within the process to value other land and buildings which required the valuations to be revised.
- Consideration of income and expenditure that should have been accounted for in the 2023/24 financial year but wasn't, leading to additional testing.
- Errors identified in the recognition of capital receipts within the Gain/Loss on disposal calculation, leading to additional work.
- Duplicated postings within fees and charges which were intended to net agency and recharge codes to nil, however resulted in misstatements.
- Additional work to test all school cash balances, as opposed to a sample approach, due to the Council's process of using balances at February 2024, as opposed to 31<sup>st</sup> March 2024.

These matters have resulted in us incurring additional time on the audit and impacted the final audit fee, as summarised in Appendix E to gain sufficient and appropriate audit assurance in respect of our auditor's opinion on the financial statements.

# 2. Financial Statements



### Our approach to materiality

The concept of materiality is fundamental to the preparation of the financial statements and the audit process and applies not only to the monetary misstatements but also to disclosure requirements and adherence to acceptable accounting practice and applicable law.

Materiality levels remain the same as reported in our audit plan on 7 August 2024.

Council Amount (£) Qualitative factors considered		
Materiality for the financial statements	16,400,000	Benchmarked to 1.4% of the Council’s gross expenditure in the prior period. We have determined this to be the level of misstatement which could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.
Performance materiality	10,660,000	This drives our sample sizes. It is based on 65% of the headline materiality.
Trivial matters	820,000	At 5% of headline materiality, this is the value above which we will report misstatements to the Governance and Audit Committee, as those charged with governance.
Materiality for senior officer remuneration disclosures	25,737	We have applied our headline materiality % of 1.4% to the total senior officer remuneration value of £1.8m in the prior period, as this disclosure is particularly sensitive and of interest to the reader.



# 2. Financial Statements: Significant risks

Significant risks are defined by ISAs (UK) as risks that, in the judgement of the auditor, require special audit consideration. In identifying risks, audit teams consider the nature of the risk, the potential magnitude of misstatement, and its likelihood. Significant risks are those risks that have a higher risk of material misstatement.

This section provides commentary on the significant audit risks communicated in the Audit Plan.

Risks identified in our Audit Plan	Commentary
<p><b>Management override of controls</b></p> <p>Under ISA (UK) 240 there is a non-rebuttable presumed risk that the risk of management over-ride of controls is present in all entities.</p>	<p>We have:</p> <ul style="list-style-type: none"><li>• evaluated the design and implementation of management controls over journals</li><li>• analysed the journals listing and determined the criteria for selecting high risk unusual journals</li><li>• identified and tested unusual journals made during the year and the accounts production stage for appropriateness, with a particular focus on the risk of segregation of duties conflicts within the IT control environment, and significant journals at the end of the financial year, which impacted on the Council’s financial performance</li><li>• gained an understanding of the accounting estimates and critical judgements applied by management and considered their reasonableness</li><li>• reviewed and test items identified as part of transactional testing to ensure they have been appropriately charged to either the General Fund or the Housing Revenue Account (HRA) as appropriate</li></ul> <p>We reported to you in our audit plan and at prior audits that there continues to be a lack of an established approval process for journals which places heavy reliance on the expectation for the Council's day-to-day activities to identify and correct any improper postings. The Council is aware of this, and officers perform retrospective review of a sample of journals posted. We have reviewed documentation evidencing this review and are satisfied that this is in place. Nevertheless, this represents a control deficiency which the Council is willing to tolerate but which we took consideration of in our approach by increasing the number of journals selected for review. We identified no instances of management override from this review.</p> <p>Furthermore, in the 2022/23 audit, we reported that a senior officer (which we defined as being Chief Accountant and above) had posted to the ledger by proxy (ie by asking another officer to post something on their behalf, something that they themselves had prepared). We would usually not expect senior officers to be posting to this ledger and therefore considered this to be an override of control. We did not identify any similar instances of this in 2023/24.</p> <p><b>Conclusion</b></p> <p>We have concluded our work in respect of this risk and have no further findings to report. We are satisfied that we have obtained sufficient assurance.</p>



## 2. Financial Statements: Significant risks

### Risks identified in our Audit Plan

### Commentary

#### Closing Valuation of land and buildings, and surplus assets

The Council is required to revalue its land and buildings on a rolling, five-yearly basis.

This valuation represents a significant estimate by management in the financial statements due to the size of the numbers involved and the sensitivity of this estimate to changes in key assumptions.

Management will need to ensure that the carrying value in the Council's financial statements is not materially different from the current value or the fair value (for surplus assets) at the financial statements date.

Within the valuation of the Council's Other Land and Buildings, the valuer's estimation of the value has several key inputs, which the valuation is sensitive to. These include the build cost of relevant assets carried at depreciated historic cost and any judgements that have impacted this assessment and the condition of the current assets.

For assets valued at existing use value and fair value, the key inputs into the valuation are the yields used in the valuation, including estimated future income from the asset.

We therefore have identified that the accuracy of the key inputs and assumptions driving the valuation of land and buildings, and surplus assets, as a significant risk.

We have:

- evaluated management's processes and assumptions for the calculation of the estimate, the instructions issued to valuation experts, and the scope of their work
- evaluated the competence, capabilities and objectivity of the valuation expert
- written to the valuer to confirm the basis on which the valuation was carried out to ensure that the requirements of the Code are met
- challenged the information and assumptions used by the valuer to assess the completeness and consistency with our understanding
- engaged our own valuer to assess the instructions issued by the Council to their valuer, the scope of the Council's valuers' work, the Council's valuers' reports and the assumptions that underpin the valuations
- tested revaluations made during the year to see if they had been input correctly into the Council's asset register
- evaluated the assumptions made by management for those assets not revalued during the year and how management has satisfied themselves that these are not materially different from current value at year end.

#### Assets valued at depreciated replacement cost (DRC)

As noted in our audit plan and above, our approach to assessing the reasonableness of management's valuation of assets includes an evaluation of the assumptions applied to the calculation of the estimate. We identified that within every DRC valuation, the valuer had applied build costs that had been weighted to Leicester, whilst also applying a location factor of 2% to adjust the costs to be Leicester specific. This effectively double counted the application of the location factor which overstated every DRC valuation by a £TBCm. This has been adjusted by management and has been reported in Appendix D.

Another such assumption applied is the obsolescence factor, (to recognise that an asset loses value over time). When reviewing the evidence for DRC assets we identified that the valuer in the current year had continued to use the same base year in the scale published by the VOA in 2023. We challenged the valuer on the appropriateness of this, because in effect there had been one year of additional obsolescence to apply based on the ages of the assets. In the current valuer's view, it would be appropriate to use 2023 as the base year for the 31 March 2024 valuations as in their view the year 2023 is effectively up to 31st December 2023 which is closer to the 31 March 2024 year end, than 31 March 2023. We did not deem this to be unreasonable. However, this therefore means that there is an inconsistency with the 15 revalued assets in the prior year that used 2023 as the base year. We have assessed the impact of this and the opening 23/24 (prior year closing) valuations to be understated by £1.503m. We have assessed there to be a highly trivial impact on 2023/24 closing balances due to the revaluations in year therefore this has been reported as a disclosure misstatement within Appendix D.

#### Capital expenditure not adding value

The Council has a policy to recognise capital expenditure in year even though it is not considered to add value to the asset. The asset is then revalued downwards to offset the value of the capital expenditure incurred. In consecutive years we have identified that management has incorrectly processed the accounting treatment for the downward revaluation of capital expenditure deemed to be not adding value. Management should review their processes to ensure accounting for these transactions are compliant with the Code. Specifically, that charges to the revaluation reserve are made where appropriate, or if the spend is to replace a specific component, then a derecognition of the old component should be recognised, which we have raised this as a recommendation in appendix D. The impact is that charges to the revaluation reserve are understated by £1.071m, and charges to the CIES are overstated by the same amount. This is a classification misstatement within the PPE note and unusable reserves, which has therefore been reported in appendix D as a disclosure misstatement. There is a risk that if this treatment occurs in future years there may be cumulatively material misstatements.



## 2. Financial Statements: Significant risks

### Risks identified in our Audit Plan

### Commentary

#### Continued

#### Assets not subject to full revaluation

As per the Code, management should ensure that the carrying value of non-current assets are not materially different to the current value at the balance sheet date. To mitigate this risk, they engaged the valuer to perform a desktop valuation of assets not subject to full revaluation in year (80% of the population). This was done by applying an index to the value of these assets in the prior year audited accounts. We challenged the valuer on their use of RPI inflation, as opposed to published indices that were specific for building and land valuations. The valuer agreed that it was appropriate to update the process to use specific property indices for the buildings, which we reviewed and are satisfied was a reasonable basis to produce the estimate. This has resulted in a **£TBCm movement** in the value of the OLB and Surplus asset closing balances subject to indexation which has been reported as an adjusted misstatement in appendix B.

The valuer assessed that there was not an appropriate index to apply to the Council's land assets, because in their view the carrying value would not be materially different from the current value when assessing potential market movements in year. To conclude on the relevance and reasonableness of management's findings in respect of assets not revalued at the year end and their consistency with other available audit evidence, we applied market indices independently obtained and assessed that the potential movement in land not subject to revaluation could be -£4.122m. We also reviewed other assets that were not subject to full revaluation or indexed and identified potential differences of £1.149m, totalling -£2.973m. These differences are not material individually or cumulatively and provides assurance that there is not a material risk of misstatement between the current value and carrying value of XX, **even when taking into account the unadjusted misstatements in PPE of £X**. We deem this to be an acceptable level of estimation uncertainty.

Also, the Code states that valuations of PPE shall be carried out at intervals of no more than five years. In our review of assets not revalued in year, we identified £937k of assets that had been last valued longer than a period of five years. We deem this to be a deficiency so and has been reported as such within Appendix B.

#### Assets valued at Existing use value (EUV)

We selected a number of assets for detailed testing and identified that in most cases, the valuations in the draft accounts included separate valuations for buildings and land, as opposed to apportioning out a land element for accounting purposes. We did not deem this to be appropriate because in many cases the two assets are not separately identifiable, and it would not be appropriate to give the land element a distinct valuation, unless there was a specific judgement that it was separately identifiable from the building. This challenge to the valuer is consistent with RICS guidance. The valuer agreed to amend the impacted EUV asset valuations in year, to be consistent with RICS guidance. **This resulted in £TBC.**

#### Assets selected for detailed testing

After receiving the amended valuations for DRC and EUV assets, which we subjected to detailed testing, we identified errors cumulating in an understatement of **£Xk** which are to be adjusted and are reported in appendix D, and **£Xk** which is to be unadjusted on the basis of it being trivial.

Within these misstatements we have identified errors that we have assessed could indicate a risk similar errors in assets across the valuation; for example, inaccurate rents, GIA, or land site area. If we assume the error rate to be indicative of the population as a whole this would suggest that the value of PPE assets is understated by **£TBCm**. We have reported this as an unadjusted misstatement in Appendix D.

#### **Conclusion**

**We have concluded our work in this area and have no further findings to report – TBC**

# 2. Financial Statements: Significant risks

Risks identified in our Audit Plan	Commentary
<p>Presumed risk of fraud in revenue recognition ISA (UK) 240</p> <p>Under ISA (UK) 240 there is a rebuttable presumed risk that revenue may be misstated due to the improper recognition of revenue. This presumption can be rebutted if the auditor concludes that there is no risk of material misstatement due to fraud relating to revenue recognition.</p>	<p>As communicated in our Audit plan we have rebutted the presumed risk of fraud in revenue recognition, and there has been no change to our assessment. We have still undertaken a significant level of work on the Council’s revenue streams, as they are material. We:</p> <ul style="list-style-type: none"><li>• evaluated the Council’s accounting policies for recognition of income and expenditure for its various income streams and compliance with the CIPFA Code</li><li>• updated our understanding of the Council’s business processes associated with accounting for income</li><li>• agreed, on a sample basis, income and year end receivables from other income to invoices and cash payment or other supporting evidence.</li><li>• conducted substantive analytical procedures in relation to income for national non-domestic rates and council tax</li><li>• sample tested grants income to supporting information and subsequent receipt, considering accounting treatment where appropriate.</li></ul> <p><b>Findings</b></p> <p>Our findings below are not in relation to our work on the risk of fraud in revenue recognition, but are a response to the other work we have set out above, given the material revenue streams in place at the Council.</p> <p><u>Debtors</u></p> <p>In our testing of the Council’s debtors balance we identified a credit entry of £630k which should have been classified as a creditor. If we assume the error rate to be indicative of the population as a whole, this suggests that the value of short term debtors is understated by £1.108m, with corresponding overstatement of creditors. This is reported in Appendix D as an unadjusted misstatement in 2023/24 but will not impact upon resources available to the Council.</p> <p><u>Fees, charges and other service income</u></p> <p>We identified mis-posting of adjustments in our income transaction testing, posted in the closedown period, to net internal income codes to nil. We identified that income and expenditure are both understated by £992k.</p> <p>We isolated this error to year end consolidation entries which intend to remove the impact of internal income and expenditure from the financial statements. We performed further work to assess whether there is a wider risk, and did not identify additional risk of misstatement. This is reported in Appendix D as an unadjusted misstatement in 2023/24 but will not impact upon resources available to the Council.</p> <p><b>Conclusion</b></p> <p>As noted above, there are errors that have been identified in our testing of revenue, though none of the errors identified are considered to be indicative of fraud, which would require our response to the presumed risk of fraud in revenue recognition to be revisited.</p>

## 2. Financial Statements: Significant risks

### Risks identified in our Audit Plan

#### Risk of fraud related to expenditure recognition PAF Practice Note 10

In line with the Public Audit Forum Practice Note 10, in the public sector, auditors must also consider the risk that material misstatements due to fraudulent financial reporting may arise from the manipulation of expenditure recognition (for instance by deferring expenditure to a later period). As most public bodies are net spending bodies, then the risk of material misstatement due to fraud related to expenditure recognition may in some cases be greater than the risk of material misstatements due to fraud related to revenue recognition.

### Commentary

Having considered the nature of the expenditure streams of Leicester City Council, and on the same basis as that set out above for revenue, we reported in our audit plan that we have determined that there is no significant risk of material misstatement arising from improper expenditure recognition.

We have revisited this assessment during our work and have not amended our conclusion.

Notwithstanding that we have rebutted this risk, we have still undertaken a significant level of work on the Council's expenditure streams, as they are material. We:

#### Expenditure

- updated our understanding of the Council's business processes associated with accounting for expenditure
- undertook procedures to assess whether relevant controls were implemented as designed
- agreed, on a sample basis, expenditure and year end creditors to invoices and cash payment or other supporting evidence

We also designed tests to address the risk that expenditure has been understated, by not being recognised in the current financial year.

#### Conclusion

We have not identified any findings in relation to the risk of fraud related to expenditure recognition. However, we have reported our findings pertaining to our testing of expenditure on page 16.

# 2. Financial Statements: Significant risks

Risks identified in our Audit Plan	Commentary
<p><b>Valuation of the pension fund net liability/surplus</b></p> <p>The Council's pension fund net liability, as reflected in its balance sheet as the net defined benefit liability, represents a significant estimate in the financial statements.</p> <p>The methods applied in the calculation of the IAS 19 estimates are routine and commonly applied by all actuarial firms in line with the requirements set out in the Code of practice for local government accounting (the applicable financial reporting framework).</p> <p>Typically, the pension fund net liability/surplus is considered a significant estimate due to the size of the numbers involved and the sensitivity of the estimate to changes in key assumptions. However, recognised on the balance sheet at 31 March 2024, the funded scheme is £0, and the unfunded scheme is £34.355m. The council has had to consider the potential impact of IFRIC 14 - IAS 19 -the limit on a defined benefit asset. Because of this we have assessed the recognition and valuation of the pension asset as a significant risk.</p> <p>The source data used by the actuaries to produce the IAS 19 estimates is provided by administering authorities and employers. We do not consider this to be a significant risk as this is easily verifiable.</p> <p>The actuarial assumptions used are the responsibility of the entity but should be set on the advice given by the actuary.</p> <p>A small change in the key assumptions (discount rate, inflation rate, salary increase and life expectancy) can have a significant impact on the estimated IAS 19 liability. We have therefore concluded that there is a significant risk of material misstatement in the IAS 19 estimate due to the assumptions used in their calculation. With regard to these assumptions we have therefore identified valuation of the Council's pension fund net liability as a significant risk.</p>	<p>We have:</p> <ul style="list-style-type: none"><li>• updated our understanding of the processes and controls put in place by management to ensure that the pension fund balance is not materially misstated and evaluated the design of the associated controls</li><li>• evaluated the instructions issued by management to their management experts (the actuary) for this estimate, and the scope of the actuary's work</li><li>• assessed the competence, capabilities and objectivity of the actuary who carried out the pension fund valuation</li><li>• assessed the accuracy and completeness of the information provided by the Council to the actuary to estimate the liabilities</li><li>• tested the consistency of the pension fund balance and disclosures in the notes to the core financial statements with the actuarial reports from the actuary</li><li>• undertook procedures to confirm the reasonableness of the actuarial assumptions made by reviewing the report of the consulting actuary (as auditor's expert) and performed any additional procedures suggested within the report.</li><li>• considered how the Council has applied the requirements of IFRIC14 in its accounting treatment of the net pension asset</li><li>• obtained assurances from the auditor of the Leicestershire County Council Pension Fund as to the controls surrounding the validity and accuracy of membership data, contributions data and benefits data sent to the actuary by the pension fund and the fund assets valuation in the pension fund's financial statements.</li></ul> <p><b>Findings</b></p> <p>The pension fund auditor reported:</p> <ul style="list-style-type: none"><li>- an overstatement of assets due to the actuary's use of an estimated rate of return to calculate the fund's assets. The Council's share of this is £6.392m.</li><li>- an understatement in the valuation of assets, and the Council's share of this is £1.245m.</li><li>- an overstatement of the benefits paid figure of £5.611m, which has a net nil impact on the net asset/liability calculation, because gross assets and gross liabilities are both reduced by this amount.</li></ul> <p>We have conducted our own analytical procedure on the pension assets and were satisfied with all conclusions drawn. Due to the asset ceiling adjustment, the misstatements do not impact the primary statements and are instead a classification adjustment within Note 42. We do not consider these findings to be material individually, however we note that cumulatively Note 42 would be materially misstated, therefore management have opted to amend the £5.611m misstatement in relation to benefits paid.</p> <p><b>Conclusion</b></p> <p>We have concluded our work in this area and have no further findings to report.</p>

# 2. Financial Statements: other risks

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Risks identified in our Audit Plan

**Valuation of Council Dwellings**

The Council contracts an expert to provide annual valuations of council dwellings based on guidance issued by the Ministry of Housing, Communities and Local Government (now Department for Levelling Up, Housing and Communities). They are valued using a beacon approach, based on existing use value discounted by the relevant social housing factor for Leicester. Dwellings are divided into asset groups (a collection of property with common characteristics) and further divided into archetype groups based on uniting characterises material to their valuation, such as numbers of bedrooms.

A sample property, the “beacon” is selected which is considered to be representative of the archetype group and a detailed inspection carried out. The valuation of this asset is then applied to all assets within its archetype.

The key inputs into the valuation are the social housing factor, consideration of market movements and the determination of the beacons.

We therefore have identified that the accuracy of the key inputs driving the valuation of land and buildings as a risk of material misstatement requiring appropriate audit consideration.

Commentary

We have:

- evaluated management’s processes and assumptions for the calculation of the estimate, the instructions issued to valuation experts, and the scope of their work
- undertook procedures to assess whether relevant controls were implemented as designed
- evaluated the competence, capabilities and objectivity of the valuation expert
- written to the valuer to confirm the basis on which the valuation was carried out to ensure that the requirements of the Code are met
- challenged the information and assumptions used by the valuer to assess the completeness and consistency with our understanding of relevant market data
- engaged our own valuer to assess the instructions issued by the Council to their valuer, the scope of the Council’s valuers’ work, the Council's valuers’ reports and the assumptions that underpin the valuations
- tested revaluations made during the year to see if they had been input correctly into the Council's asset register
- tested a selection of non-beacon assets to ensure the most appropriate beacon/archetype has been applied
- evaluated the assumptions made by management for those assets that had an indexation applied to the carrying value during the year.

**Conclusion**

We have concluded our work in this area and have no findings to report. We are satisfied from the work completed the valuation of Council Dwellings is free from material misstatement.

# 2. Financial Statements: other risks

Risks identified in our Audit Plan	Commentary
<p><b>Completeness of operating expenditure and creditors</b></p> <p>Non-pay expenses on other goods and services also represents a significant percentage of the Council’s operating expenses.</p> <p>Management uses judgement to estimate accruals of un-invoiced costs. During the course of the four previous audits, there have been instances of expenditure not being accrued for which has led to further testing being conducted to ensure that no material misstatement existed.</p>	<p>We have:</p> <ul style="list-style-type: none"><li>• evaluated the Council’s accounting policies for recognition of non-pay expenditure streams for appropriateness</li><li>• gained an understanding of the Council’s processes for accounting for non-pay expenditure</li><li>• assessed whether relevant controls were implemented as designed</li><li>• tested a sample of balances included within trade and other payables</li><li>• tested a judgemental selection of payments and invoices received immediately after the year end to ensure that appropriate cut-off has been applied, and therefore that the expenditure has been recognised in the correct period.</li><li>• tested a sample of expenditure to ensure it has been recorded accurately and is recognised in the appropriate financial accounting period.</li></ul> <p><b>Findings</b></p> <p><u>Payments made post year-end</u></p> <p>We selected the payments made by the Council after the year end for testing that were deemed to have the highest inherent risk of misstatement. We identified one payment for a library vehicle, which related to 2023/24, that had not been accrued for. We were advised that the original order had been raised two years prior to the receipt of the vehicle so had been closed in a review of old purchase orders. A new order was raised when the vehicle was eventually delivered but this was raised too late for the automated accrual exercise and the service area omitted to send a manual accrual for this item.</p> <p>We conducted further testing on the population aligned with the risk on which this payment was selected (payments made to suppliers in May, that were not paid in April) and did not identify any further instances of expenditure being understated.</p> <p><u>Invoices received post year-end</u></p> <p>We selected the invoices received by the Council after the year end for testing that were deemed to have the highest inherent risk of misstatement. We identified three invoices received that related to 2023/24 which had not been accrued for, totalling £557k.</p> <p>We conducted further testing on the residual population of invoices not previously identified for testing and identified one further error of £51k that had not been accrued for. When evaluating the results of the testing on the residual population, this projected a misstatement of £1.890m, that suggests expenditure is understated by this amount.</p> <p><b>Conclusion</b></p> <p>Overall, we have identified that expenditure is understated by £223k, £557k, and a further projected misstatement of £1.890m. This has been reported in Appendix D.</p> <p>We have also raised a recommendation in Appendix B that the Council implement a process to ensure that goods or services that have been provided are routinely identified in a timely manner, to ensure the financial statements are complete.</p>

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# 2. Financial Statements: other risks

Risks identified in our Audit Plan	Commentary
<p><b>Completeness, existence and accuracy of cash and cash equivalents</b></p> <p>The receipt and payment of cash represents a significant class of transactions occurring throughout the year, culminating in the year-end balance for cash and cash equivalents reported on the statement of financial position.</p> <p>Due to the significance of cash transactions to the Council, we identified the completeness, existence and accuracy of cash and cash equivalents as a risk of material misstatement requiring appropriate audit attention.</p>	<p><b>We have:</b></p> <ul style="list-style-type: none"><li>• agreed all period end bank balances to the general ledger</li><li>• agreed cash and cash equivalents to the bank reconciliation</li><li>• inspected the breakdown of reconciling items and confirmed the value to be trivial quantitatively and qualitatively</li><li>• obtained the bank reconciliation for the following month end and reviewed the reconciling items against those included on the period end bank reconciliation</li><li>• written to the bank and obtained a bank balance confirmation independently</li><li>• agreed the aggregated cash balance to the relevant financial statement disclosures.</li></ul> <p><b>Findings</b></p> <p>As part of our work, we tested school balances that feed into the disclosed cash and cash equivalent balance to ensure that they are accurate and exist. To ease with closedown pressures, the Council determined the value of the schools’ bank balances to be included in the financial statements as at the end of February rather than March. We compared the February values used in the financial statements to the bank confirmations we received independently from the banks.</p> <p>We identified a total variance of £3.892m between the bank confirmation and the value per the financial statements, with the cash balance in the financial statements being overstated. This is included in Appendix D as an unadjusted misstatement.</p> <p>In the prior year we raised a recommendation for the Council to revisit the closedown process in this regard to ensure that the 31 March cash balances are recorded in the accounts, which we do not deem to have been appropriately addressed. This is included in Appendix C.</p> <p>We are in the process of investigating what the total level of misstatement of the population might be, based on this sample, and have asked officers to undertake further work.</p> <p><b>Conclusion</b></p> <p>We have concluded our work in this area and have no further findings to report.</p>



# 2. Financial Statements: key judgements and estimates

This section provides commentary on key estimates and judgements in line with the enhanced requirements for auditors.

Significant judgement or estimate	Summary of management’s approach	Audit Comments	Assessment
Land and Building (including Surplus asset) valuations – £TBCm	<p>Other land and buildings comprises approx. TBC% of specialised assets such as schools and libraries, which are required to be valued at depreciated replacement cost (DRC) at year end, reflecting the cost of a modern equivalent asset necessary to deliver the same service provision. The remainder of other land and buildings (approx. TBC%) are not specialised in nature and are required to be valued at existing use in value (EUV) at year end., with the balance being surplus assets. The Council uses its internal valuation team to complete the valuation of properties as at 31 March 2024.</p> <p>Approximately 20% of total assets were revalued during 2023/24. Management has considered the year end value of non-valued properties and has not identified indications that the valuation of these assets has changed by a material amount, which would warrant further formal valuations being undertaken. Management mitigated this risk by engaging with the internal valuer to apply an index to the assets not subject to full revaluation.</p> <p>The total year end valuation of land and buildings (including surplus assets) in the audited accounts is £TBCm, a net movement of £TBCm from 2022/23 (£1,293m).</p>	<p>We have engaged our own valuer to assist with our work and challenge in this area, who has raised questions which we have used to inform our audit queries.</p> <p>We have considered the movements in the valuations of individual assets and their consistency with indices provided by Montague Evans as our auditor’s expert. We have considered the completeness and accuracy of the underlying information used to determine the estate. We have discussed the appropriateness of the indices and assumptions used by the Council’s valuer and have identified errors as set out on pages 10 an 11.</p> <p>We have no concerns over the competence, capabilities and objectivity of the valuation expert used by the Council, but given the errors identified, continue to recommend that the Council improve its quality control processes in this area.</p>	<p>We consider management’s process is appropriate subject to actioning the recommendation we have raised.</p>

Assessment

- [Red] We disagree with the estimation process or judgements that underpin the estimate and consider the estimate to be potentially materially misstated
- {Amber} We consider the estimate is unlikely to be materially misstated however management’s estimation process contains assumptions we consider optimistic
- [Grey] We consider the estimate is unlikely to be materially misstated however management’s estimation process contains assumptions we consider cautious
- [Green] We consider management’s process is appropriate and key assumptions are neither optimistic or cautious



# 2. Financial Statements: key judgements and estimates

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Significant judgement or estimate	Summary of management’s approach	Audit Comments	Assessment
Land and Buildings – Council Housing - £1,217m	<p>The Council owns 19,370 dwellings and is required to revalue these properties in accordance with DCLG’s Stock Valuation for Resource Accounting guidance. The guidance requires the use of beacon methodology, in which a detailed valuation of representative property types is then applied to similar properties.</p> <p>20% of the housing stock is subject to a full revaluation each financial year. The remaining 80% is indexed under a desktop valuation methodology.</p> <p>The Council has engaged Wilks Head and Eve LLP to complete the valuation of these properties. The year end valuation of Council Housing was £1,217m, a net decrease of £13m from 2022/23 (£1,230m).</p>	<ul style="list-style-type: none"><li>• We challenged the Council on why it is deemed appropriate to apply the revaluation accounting treatment to the asset base as a whole rather than individual assets. The response is that Council Dwellings are held in a separate data system and that the valuation is done by an external valuer based on the beacon valuation system. Due to the sheer volume of assets involved and because all assets are revalued in year, the bottom-line result of the Housing Revenue Account (HRA) system is what is included in the accounts. We have reviewed relevant guidance which confirms it is permissible for revaluations to be applied at the asset group level and are therefore satisfied that management's approach is not unreasonable.</li><li>• We have reviewed the indices applied against appropriate market data obtained by the audit team independently. This identified a difference of £1.8m to the indexation movement applied by the valuer, which we have assessed to be an immaterial level of estimation uncertainty, based on timing differences in obtaining the market data. We are satisfied that the method to index used by the valuer is appropriate.</li><li>• We have gained assurance over the completeness and accuracy of the underlying information used to determine the estimate. We have done this by testing a selection of non-beacon assets to ensure the most appropriate beacon/archetype has been applied and agreeing the property listing to the rent roll reconciliation and the housing rents system.</li><li>• We have no concerns over the competence, capabilities and objectivity of the valuation expert used by the Council.</li></ul>	<p>We consider management’s process is appropriate and key assumptions are neither optimistic or cautious.</p>

## 2. Financial Statements: key judgements and estimates

Significant judgement or estimate	Summary of management's approach	Audit Comments	Assessment																								
<p><b>Funded scheme net pension liability / (surplus) – £0m</b></p> <p><b>Unfunded scheme net pension liability – £34.355m</b></p> <p>IFRIC 14 addresses the extent to which an IAS 19 surplus can be recognised on the balance sheet and whether any additional liabilities are required in respect of onerous funding commitments.</p> <p>IFRIC 14 limits the measurement of the defined benefit asset to the 'present value of economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.'</p>	<p>The Council is disclosing a £nil net pension liability, for the funded scheme, at 31 March 2024.</p> <p>The Council uses Hymans Robertson to provide actuarial valuations of the Council's assets and liabilities derived from the scheme to which it contributes, which is the Leicestershire County Council Local Government defined benefit scheme. A full actuarial valuation is required every three years.</p> <p>The latest full actuarial valuation was completed in 2022. Given the significant value of the net pension fund liability (surplus), small changes in assumptions can result in significant valuation movements. There has been a £56.5m net actuarial gain during 2023/24, which has been effectively offset by the asset ceiling adjustment.</p>	<ul style="list-style-type: none"> <li>We have no concerns over the competence, capabilities and objectivity of the actuary used by the Council.</li> <li>We have used the work of PwC, as auditors' expert, to assess the actuary and assumptions made by the actuary. See below for consideration of key assumptions in the Leicestershire County Council Pension Fund valuation as it applies to Leicester City Council.</li> </ul> <table border="1"> <thead> <tr> <th>Assumption</th><th>Actuary Value</th><th>PwC range/conclusion</th><th>Assessment</th></tr> </thead> <tbody> <tr> <td>Discount rate</td><td>4.85%</td><td>4.80% – 4.85%</td><td>Satisfactory</td></tr> <tr> <td>Pension increase rate</td><td>2.75%</td><td>2.75% – 2.80%</td><td>Satisfactory</td></tr> <tr> <td>Salary growth</td><td>3.25%</td><td>2.75% – 3.75%</td><td>Satisfactory</td></tr> <tr> <td>Life expectancy – Males currently aged 45/65</td><td>45: 20.7 65: 21.5</td><td>Actuary approach is reasonable</td><td>Satisfactory</td></tr> <tr> <td>Life expectancy – Females currently aged 45/65</td><td>45: 23.7 65: 25.1</td><td>Actuary approach is reasonable</td><td>Satisfactory</td></tr> </tbody> </table> <ul style="list-style-type: none"> <li>We have reviewed management's assumptions around the decision to limit the surplus recognised on the balance sheet, and we are satisfied the treatment is in line with IFRIC 14 and CIPFA Bulletin 15.</li> <li>No issues were noted with the completeness and accuracy of the underlying information used to determine the estimate.</li> </ul>	Assumption	Actuary Value	PwC range/conclusion	Assessment	Discount rate	4.85%	4.80% – 4.85%	Satisfactory	Pension increase rate	2.75%	2.75% – 2.80%	Satisfactory	Salary growth	3.25%	2.75% – 3.75%	Satisfactory	Life expectancy – Males currently aged 45/65	45: 20.7 65: 21.5	Actuary approach is reasonable	Satisfactory	Life expectancy – Females currently aged 45/65	45: 23.7 65: 25.1	Actuary approach is reasonable	Satisfactory	<p>We consider management's process is appropriate and key assumptions are neither optimistic or cautious.</p>
Assumption	Actuary Value	PwC range/conclusion	Assessment																								
Discount rate	4.85%	4.80% – 4.85%	Satisfactory																								
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# 2. Financial Statements: Information Technology

This section provides an overview of results from our assessment of Information Technology (IT) environment and controls which included identifying risks from the use of IT related to business process controls relevant to the financial audit. This includes an overall IT General Control (ITGC) rating per IT system and details of the ratings assigned to individual control areas. For further detail of the IT audit scope and findings please see separate 'IT Audit Findings' report.

		ITGC control area rating				
IT application	Level of assessment performed	Overall ITGC rating	Security management	Technology acquisition, development and maintenance	Technology infrastructure	Related significant risks/other risks
Unit 4	Detailed ITGC assessment (design effectiveness only)	●	●	●	●	No significant deficiencies identified. See non-significant findings reported in appendix B.
Active Directory	Detailed ITGC assessment (design effectiveness only)	●	●	N/A	N/A	No significant deficiencies identified. See non-significant findings reported in appendix B.

Assessment

- Significant deficiencies identified in IT controls relevant to the audit of financial statements
- Non-significant deficiencies identified in IT controls relevant to the audit of financial statements/significant deficiencies identified but with sufficient mitigation of relevant risk
- IT controls relevant to the audit of financial statements judged to be effective at the level of testing in scope
- Not in scope for testing

# 2. Financial Statements: Information Technology

We also performed specific procedures in relation to the cyber security breach incident during the audit period. We observed the following results:

IT system	Event	Result	Related significant risks/ risk/observations
Active Directory	Cyber security breach	<p>As part of our risk assessment procedures, we reviewed the design and implementation of cyber security controls during the financial year.</p> <p>Our Cyber &amp; Digital Investigations team at Grant Thornton held meetings with Officers to assess whether:</p> <ul style="list-style-type: none"><li>- there is ongoing risk to the financial systems or integrity of financial data used in the audit because of the incident. We identified no ongoing risk to take into account of the result of the attack, based on the nature of the breach.</li><li>- there is a risk of significant financial fine being issued by the ICO. They concluded that this was unlikely.</li><li>- there is ongoing risk of legal action resulting in material costs to LCC. They concluded that this was unlikely.</li></ul>	<p>This review included an assessment of the likelihood and size of any fine from the Information Commissioners Office (ICO), any ongoing risk to the financial systems or integrity of financial data and the potential for legal action and/or commercial sanctions to be taken against the Council. Our review has concluded that the risk that the Council is exposed to is minimal and any legal action will not be material. We also note that the ICO have formally closed their investigation with regards to the incident and therefore the Council is not exposed to the risk of a fine.</p> <p>Whilst we have assessed that cyber security controls at the Council are overall designed effectively; we identified that the cyber security controls were not implemented as designed in relation to an isolated instance of human error.</p>

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# 2. Financial Statements: Digital Audit

We have invested significantly in our digital tools and our audit approach is underpinned by a suite of tools, enabling us to capture and analyse the detailed data contained within the general ledger. This supports more efficient and effective testing, with a focus on higher risk areas and unusual transactions. The ability to obtain full ledger data quickly and effectively is key to the progress of audit work, as is documentation of the Council’s methodology for mapping code structures to the financial statements and use of off-ledger adjustments. Difficulties and delays in obtaining data adversely impact on the scheduling and delivery of the audit and it is important that management engage with the audit teams to understand the requirements for data transfer, providing a clearly documented understanding of how financial statement entries are produced from underlying ledger and a timetable for doing so.

We requested several reports/documents from the Council to aid with this and these are summarised in the table below along with comments on delivery.

Document requested	Date requested	Date received	Comments
Closing trial balance for 2023-24	2 <sup>nd</sup> July 2024	2 <sup>nd</sup> July 2024	The data was delivered on time, and it was complete.
All general ledger transactions during 2023-24	2 <sup>nd</sup> July 2024	2 <sup>nd</sup> July 2024	The data was delivered on time, and it was complete.
Draft accounts for 2023-24	1 <sup>st</sup> July 2024	28 <sup>th</sup> June 2024	We note that the deadline for the publication of the draft accounts was 31 <sup>st</sup> May 2024. Based on conversations with management, the delay in publication was largely due to the impact of the cyber breach, and it was agreed with management that the audit would commence on the 1 <sup>st</sup> July to account for this.

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## 2. Financial Statements: other communication requirements

We set out below details of other matters which we, as auditors, are required by auditing standards and the Code to communicate to those charged with governance.

Issue	Commentary
Matters in relation to fraud	We have previously discussed the risk of fraud with the Governance and Audit Committee and have not been made aware of any incidents in the period other than those which are reported to Committee from the local counter fraud services. No issues have been identified during the course of our audit procedures.
Matters in relation to related parties	We are not aware of any related parties or related party transactions which have not been disclosed. However, in Appendix B, we have raised a recommendation that Register of interests should be complete and up to date for the financial statement preparation. Management should introduce their own completeness checks to ensure all appropriate bodies are considered for disclosure when preparing the accounts.
Matters in relation to laws and regulations	You have not made us aware of any significant incidences of non-compliance with relevant laws and regulations and we have not identified any incidences from our audit work.
Written representations	A letter of representation has been requested from the Council, which is presented alongside this report.
Confirmation requests from third parties	We requested from management permission to send confirmation requests to organisation with which it banks, invests and borrows. This permission was granted, and the requests were sent. The requests were returned with positive confirmation.
Accounting practices	<p>We have evaluated the appropriateness of the Council's accounting policies, accounting estimates and financial statement disclosures. Our review found no material omissions in the financial statements in relation to accounting policies, but we identified some changes to disclosures which are set out in Appendix D.</p> <p>We have also reported recommendations in Appendix B with regards to accounting for accruals, and capital accounting entries.</p>
Audit evidence and explanations/ significant difficulties	<p>We continue to encounter challenges in obtaining robust evidence supporting the Council's valuations of its other land and buildings.</p> <p>We continue to recommend that the rationale behind judgements and assumptions applied is evidenced and documented as the valuations are produced. If this process had been in place in respect of the valuations for the year ended March 2024, it is likely that significant time and effort could have been saved on the part of the audit, finance and valuation teams.</p>

## 2. Financial Statements: other communication requirements



### Our responsibility

As auditors, we are required to “obtain sufficient appropriate audit evidence about the appropriateness of management’s use of the going concern assumption in the preparation and presentation of the financial statements and to conclude whether there is a material uncertainty about the entity’s ability to continue as a going concern” (ISA (UK) 570).

Issue	Commentary
Going concern	<p>In performing our work on going concern, we have had reference to Statement of Recommended Practice – Practice Note 10: Audit of financial statements of public sector bodies in the United Kingdom (Revised 2020). The Financial Reporting Council recognises that for particular sectors, it may be necessary to clarify how auditing standards are applied to an entity in a manner that is relevant and provides useful information to the users of financial statements in that sector. Practice Note 10 provides that clarification for audits of public sector bodies.</p> <p>Practice Note 10 sets out the following key principles for the consideration of going concern for public sector entities:</p> <ul style="list-style-type: none"> <li>• the use of the going concern basis of accounting is not a matter of significant focus of the auditor’s time and resources because the applicable financial reporting frameworks envisage that the going concern basis for accounting will apply where the entity’s services will continue to be delivered by the public sector. In such cases, a material uncertainty related to going concern is unlikely to exist, and so a straightforward and standardised approach for the consideration of going concern will often be appropriate for public sector entities</li> <li>• for many public sector entities, the financial sustainability of the reporting entity and the services it provides is more likely to be of significant public interest than the application of the going concern basis of accounting. Our consideration of the Council’s financial sustainability is addressed by our value for money work, which is covered elsewhere in this report.</li> </ul> <p>Practice Note 10 states that if the financial reporting framework provides for the adoption of the going concern basis of accounting on the basis of the anticipated continuation of the provision of a service in the future, the auditor applies the continued provision of service approach set out in Practice Note 10. The financial reporting framework adopted by the Council meets this criteria, and so we have applied the continued provision of service approach. In doing so, we have considered and evaluated:</p> <ul style="list-style-type: none"> <li>• the nature of the Council and the environment in which it operates</li> <li>• the Council’s financial reporting framework</li> <li>• the Council’s system of internal control for identifying events or conditions relevant to going concern</li> <li>• management’s going concern assessment.</li> </ul> <p>On the basis of this work, we have obtained sufficient appropriate audit evidence to enable us to conclude that:</p> <ul style="list-style-type: none"> <li>• a material uncertainty related to going concern has not been identified</li> <li>• management’s use of the going concern basis of accounting in the preparation of the financial statements is appropriate.</li> </ul>

## 2. Financial Statements: other responsibilities under the Code

Issue	Commentary
Other information	<p>We are required to give an opinion on whether the other information published together with the audited financial statements (including the Annual Governance Statement and Narrative Report), is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.</p> <p>No inconsistencies have been identified. We plan to issue an unmodified opinion in this respect.</p>
Matters on which we report by exception	<p>We are required to report on a number of matters by exception in a number of areas:</p> <ul style="list-style-type: none"> <li>• if the Annual Governance Statement does not comply with disclosure requirements set out in CIPFA/SOLACE guidance or is misleading or inconsistent with the information of which we are aware from our audit,</li> <li>• if we have applied any of our statutory powers or duties.</li> <li>• where we are not satisfied in respect of arrangements to secure value for money and have reported [a] significant weakness/es.</li> </ul> <p>We have reported a significant weakness in arrangements to secure value for money. The Auditor's Annual report is presented alongside this report, however the findings also summarised on pages 27-28.</p>





# 2. Financial Statements: other responsibilities under the Code

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Issue	Commentary
Specified procedures for Whole of Government Accounts	<p>We are required to carry out specified procedures (on behalf of the NAO) on the Whole of Government Accounts (WGA) consolidation pack under WGA audit instructions.</p> <p>The new Code of Audit Practice has now been published, alongside updated Auditor Guidance Notes. While the threshold for WGA procedures has remained at £2bn, the NAO is taking the option to ask additional questions for a sample of audits after our opinion is issued. We are satisfied that this work would not have a material effect on the financial statements for the year ended 31 March 2024.</p>
Certification of the closure of the audit	<p>We cannot certify the closure of the 2023/24 audit until the 2022/23 audit is certified as closed, which was delayed due to ongoing work in response to an objection from the prior year. Also, due to the changes in the NAO instructions issued to us as part of WGA procedures.</p>

# 3. Value for Money arrangements (VFM)

## Approach to Value for Money work for 2023/24

The National Audit Office issued its guidance for auditors in April 2020. The Code requires auditors to consider whether the body has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

When reporting on these arrangements, the Code requires auditors to structure their commentary on arrangements under the three specified reporting criteria.

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### Improving economy, efficiency and effectiveness

Arrangements for improving the way the body delivers its services. This includes arrangements for understanding costs and delivering efficiencies and improving outcomes for service users.



### Financial Sustainability

Arrangements for ensuring the body can continue to deliver services. This includes planning resources to ensure adequate finances and maintain sustainable levels of spending over the medium term (3–5 years)



### Governance

Arrangements for ensuring that the body makes appropriate decisions in the right way. This includes arrangements for budget setting and management, risk management, and ensuring the body makes decisions based on appropriate information

## Potential types of recommendations

A range of different recommendations could be made following the completion of work on the body's arrangements to secure economy, efficiency and effectiveness in its use of resources, which are as follows:



### Statutory recommendation

Written recommendations to the body under Section 24 (Schedule 7) of the Local Audit and Accountability Act 2014. A recommendation under schedule 7 requires the body to discuss and respond publicly to the report.



### Key recommendation

The Code of Audit Practice requires that where auditors identify significant weaknesses in arrangements to secure value for money they should make recommendations setting out the actions that should be taken by the body. We have defined these recommendations as 'key recommendations'.



### Improvement recommendation

These recommendations, if implemented should improve the arrangements in place at the body, but are not made as a result of identifying significant weaknesses in the body's arrangements

# 3. VFM: our procedures and conclusions

We have completed our VFM work and our detailed commentary is set out in the separate Auditor’s Annual Report, which is presented alongside this report.

As part of our work, we considered whether there were any significant weakness in the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources. The significant weakness we identified is detailed in the table below, along with the procedures we performed and our conclusions. Our auditor’s report will make reference to this significant weakness in arrangements, as required by the Code, which is presented alongside this report.

Significant weakness identified	Procedures undertaken	Conclusion	Outcome
<div>26</div> <div><b>Financial Sustainability</b>  The Council is facing significant challenges in both delivering its 2025-26 budget and the subsequent years of its medium-term financial plan. There is serious risk that the Council may have to issue a s114 notice (effective bankruptcy ) in the period and our report last year highlighted this fact. Therefore we have rolled forward our key recommendation from the prior year.</div>	<div>In addition to our financial statements audit work, we perform a range of procedures to inform our value for money commentary:</div> <ul style="list-style-type: none"><li>• Review of Council, Cabinet and committee reports.</li><li>• Regular meetings with senior officers.</li><li>• Interviews with other members and management.</li><li>• Attendance at Audit Committee</li><li>• Considering the work of internal audit.</li><li>• Reviewing reports from third parties including Ofsted.</li><li>• Reviewing the Council’s Annual Governance Statement and other publications.</li></ul>	<div>Based on the work undertaken, we are not satisfied that the Council has proper arrangements in place to secure economy, efficiency and effectiveness in its use of resources in 2023/24.</div>	<div>We have raised a key recommendation:</div> <div>The Council should re-consider all aspects of service delivery in order to ensure financial sustainability with efforts being directed toward:</div> <ul style="list-style-type: none"><li>• The identification and delivery of savings that reduce the indicative budget gap in 2025/26 and in future years, along with supporting the replenishment of reserves. These savings should be realistic, evidence-based targets as opposed to unachievable or overly-optimistic.</li><li>• Reducing reliance on one-off measures to support the revenue budget (including non-recurrent savings, one-off grants and reserves)</li><li>• Considering how and when a credible plan can be developed for the rebuilding the reserves balance to ensure it can be replenished to provide financial security and cushioning in the future.</li></ul> <div>Difficult decisions are likely to be required in future budgets. The Council should therefore ensure:</div> <ul style="list-style-type: none"><li>• its financial planning demonstrates and reports a clear understanding of statutory versus discretionary areas of spend,</li><li>• where discretionary spend continues this spend can be managed within the available financial envelope whilst ensuring that statutory duties continue to be met, and</li><li>• If required, how the reduction or removal of services in its long term plan fits with its organisational strategy and the priorities of stakeholders</li></ul>

# 4. Independence considerations

Ethical Standards and ISA (UK) 260 require us to give you timely disclosure of all significant matters that may bear upon the integrity, objectivity and independence of the firm or covered persons (including its partners, senior managers, managers).

In this context, we disclose the following to you:

We confirm that we have implemented policies and procedures to meet the requirements of the Financial Reporting Council’s Ethical Standard and we as a firm, and each covered person, confirm that we are independent and are able to express an objective opinion on the financial statements.

Further, we have complied with the requirements of the National Audit Office’s Auditor Guidance Note 01 issued in May 2020 which sets out supplementary guidance on ethical requirements for auditors of local public bodies.

Details of fees charged are detailed in Appendix E.

## Transparency

Grant Thornton publishes an annual Transparency Report, which sets out details of the action we have taken over the past year to improve audit quality as well as the results of internal and external quality inspections. For more details see [Grant Thornton International Transparency report 2023](#).

As part of our assessment of our independence we note the following matters:

Matter	Conclusion
Relationships with Grant Thornton	We are not aware of any relationships between Grant Thornton and the Company that may reasonably be thought to bear on our integrity, independence and objectivity
Relationships and Investments held by individuals	We have not identified any potential issues in respect of personal relationships with the Group or investments in the Group held by individuals
Employment of Grant Thornton staff	We are not aware of any former Grant Thornton partners or staff being employed, or holding discussions in respect of employment, by the Group as a director or in a senior management role covering financial, accounting or control related areas.
Business relationships	We have not identified any business relationships between Grant Thornton and the Group
Contingent fees in relation to non-audit services	No contingent fee arrangements are in place for non-audit services provided
Gifts and hospitality	We have not identified any gifts or hospitality provided to, or received from, a member of the Group’s board, senior management or staff.

We confirm that there are no significant facts or matters that impact on our independence as auditors that we are required or wish to draw to your attention and consider that an objective reasonable and informed third party would take the same view. The firm and each covered person have complied with the Financial Reporting Council’s Ethical Standard and confirm that we are independent and are able to express an objective opinion on the financial statements.. Following this consideration we can confirm that we are independent and are able to express an objective opinion on the financial statements. In making the above judgement, we have also been mindful of the quantum of non-audit fees compared to audit fees disclosed in the financial statements and estimated for the current year.

# 4. Independence considerations

## Audit and non-audit services

For the purposes of our audit we have made enquiries of all Grant Thornton UK LLP teams providing services to the Council. The following non-audit services were identified which were charged from the beginning of the financial year to 10th February 2025, as well as the threats and safeguards that have been applied to mitigate these threats.

Service	Fees £	Threats identified	Safeguards
Audit related			
Certification of Housing Benefit claim	2021/22 - £62,100 2022/23 - £62,000 (estimate) 2023/24 - £62,000 (estimate)	Self-Interest (because this is a recurring fee)  Self review (because GT provides audit services)  Management threat	The level of this recurring fee taken on its own is not considered a significant threat to independence as the fee for this work individually, and cumulatively £243,600 (spanning three financial years), in comparison to the total fee for the audit of £418,997 (22/23 audit £189,947 and 21/22 audit £173,447), and in particular relative to Grant Thornton UK LLP's turnover overall. Further, it is a fixed fee and there is no contingent element to it. These factors all mitigate the perceived self-interest threat to an acceptable level.  To mitigate against the self review threat , the timing of certification work is done after the audit has completed, materiality of the amounts involved to our opinion and unlikelihood of material errors arising and the Council has informed management who will decide whether to amend returns for our findings and agree the accuracy of our reports on grants.
Certification of Teachers Pension Return	2021/22 - £7,500 2022/23 - £10,000 2023/24 - £12,500		
Certification of Housing capital receipts grant	2021/22 - £7,500 2022/23 - £10,000 2023/24 - £10,000		
CFO Insights Subscription	£15,625 (£12,500 per annum for 3 years)	Self-Interest (because this is a recurring fee)  Self-review (because GT provides audit services)  Management threat	The level of this recurring fee taken on its own is not considered a significant threat to independence as the fee for this work is £12,500 in comparison to the total fee for the audit of £418,997 and in particular relative to Grant Thornton UK LLP's turnover overall. Further, it is a fixed fee and there is no contingent element to it. These factors all mitigate the perceived self-interest threat to an acceptable level.  We are not taking any managerial responsibilities at the client. The scope of work does not include making decisions on behalf of management.  To mitigate against the self-review threat, the work is undertaken by a team independent of the audit team. The audit will consider the accounting treatment of the payments made and this is not part of CFOi service. There is not considered to be a significant self-review threat.
Non-audit related	£259,225		

These services are consistent with the Council’s policy on the allotment of non-audit work to your auditors. All services have been approved by the Governance and Audit Committee.

None of the services provided are subject to contingent fees.

# Appendices

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- A. Communication of audit matters to those charged with governance
- B. Action plan – Audit of Financial Statements
- C. Follow up of prior year recommendations
- D. Audit Adjustments
- E. Fees and non-audit services
- F. Auditing developments
- G. Management Letter of Representation
- H. Audit opinion
- I. Audit letter in respect of delayed VFM work

# A. Communication of audit matters to those charged with governance

Our communication plan	Audit Findings	
	Audit Plan	Audit Findings
Respective responsibilities of auditor and management/those charged with governance	•	
Overview of the planned scope and timing of the audit, form, timing and expected general content of communications including significant risks	•	
Confirmation of independence and objectivity	•	•
3 A statement that we have complied with relevant ethical requirements regarding independence. Relationships and other matters which might be thought to bear on independence. Details of non-audit work performed by Grant Thornton UK LLP and network firms, together with fees charged. Details of safeguards applied to threats to independence	•	•
Significant findings from the audit		•
Significant matters and issue arising during the audit and written representations that have been sought		•
Significant difficulties encountered during the audit		•
Significant deficiencies in internal control identified during the audit		•
Significant matters arising in connection with related parties		•
Identification or suspicion of fraud involving management and/or which results in material misstatement of the financial statements		•
Non-compliance with laws and regulations		•
Unadjusted misstatements and material disclosure omissions		•
Expected modifications to the auditor's report, or emphasis of matter		•

ISA (UK) 260, as well as other ISAs (UK), prescribe matters which we are required to communicate with those charged with governance, and which we set out in the table here.

This document, the Audit Findings, outlines those key issues, findings and other matters arising from the audit, which we consider should be communicated in writing rather than orally, together with an explanation as to how these have been resolved.

## Respective responsibilities

As auditor we are responsible for performing the audit in accordance with ISAs (UK), which is directed towards forming and expressing an opinion on the financial statements that have been prepared by management with the oversight of those charged with governance.

The audit of the financial statements does not relieve management or those charged with governance of their responsibilities.

## Distribution of this Audit Findings report

Whilst we seek to ensure our audit findings are distributed to those individuals charged with governance, we are also required to distribute our findings to those members of senior management with significant operational and strategic responsibilities. We are grateful for your specific consideration and onward distribution of our report to all those charged with governance.

# B. Action Plan – Audit of Financial Statements

We have identified five recommendations for the Council as a result of issues identified during the course of our audit. We have agreed our recommendations with management and we will report on progress on these recommendations during the course of the 2024/25 audit. The matters reported here are limited to those deficiencies that we have identified during the course of our audit and that we have concluded are of sufficient importance to merit being reported to you in accordance with auditing standards.

Assessment	Issue and risk	Recommendations
Medium	<b>Completeness of income and expenditure</b> We identified a number of items through our audit procedures that have not been accrued for appropriately within the 2023/24 financial year. We have gained assurance there is not a material risk of misstatement but there is scope for larger errors to arise due to the accruals concept not being applied appropriately.	We recommend that the Council implement a process to ensure that goods or services that have been provided are routinely identified in a timely manner, to ensure the financial statements are complete. <b>Management response</b> This process will be reviewed for 2024/25.
Medium	<b>Accounting treatment of capital expenditure not adding value</b> In consecutive years we have identified that management has incorrectly processed the accounting treatment for the downward revaluation of capital expenditure deemed to be not adding value. Management should review their processes to ensure accounting for these transactions are compliant with the Code. Specifically, that charges to the revaluation reserve are made where appropriate, or if the spend is to replace a specific component, then a derecognition of the old component should be recognised. The impact of this is immaterial in 2023/24, however there is a risk that if this treatment occurs in future years there may be cumulatively material misstatements.	Management review their process to account for capital expenditure not adding value, in order to bring the treatment in line with accounting standards. <b>Management response</b> This process will be reviewed for 2024/25.
Medium	<b>Collection fund suspense accounts</b> We selected ledger codes to test that are classified as creditors in the financial statements. The Council could not provide evidence to support the existence or accuracy of these balances, because it was cash that had not been reconciled to an income or expenditure item. Whilst we acknowledge the Council are being prudent by recording this cash as deferred income, in our view suspense accounts should be cleared to nil at year end to ensure accurate reporting.	Suspense accounts should be cleared to nil at year end to ensure accurate reporting. <b>Management response</b> This process will be reviewed for 2024/25.
Medium	<b>Register of interests</b> Within our testing of the completeness of related party transaction disclosures, we performed a search on Companies house and identified interests that were not disclosed in the Councillor's, and Senior officer, register of interests. Whilst we were satisfied that there were no instances of related party transactions identified, there is a risk that the related party disclosure would not be complete in future years. We have reported in appendix D that the Council have over-disclosed related parties in the 2023/24 financial statements when considering the IAS24 definition.	Register of interests should be complete and up to date for the financial statement preparation. Management should introduce their own completeness checks to ensure all appropriate bodies are considered for disclosure when preparing the accounts. <b>Management response</b> This process will be amended for 2024/25.

## Controls

- High – Significant effect on financial statements
- Medium – Limited Effect on financial statements
- Low – Best practice



# B. Action Plan – Audit of Financial Statements

Assessment	Issue and risk	Recommendations
Medium	<b>Revaluation programme</b> The Code states that valuations of PPE shall be carried out at intervals of no more than five years. In our review of assets not revalued in year, we identified assets that have been last valued longer than a period of five years.	Annually, management should review valuation dates on non-current assets and ensure they are valued at least every five years. <b>Management response</b> These will be included on the valuation list for 2024/25.
Medium	<b>IT general control findings</b> Our audit team identified four deficiencies during their work on the design and implementation of IT general controls: 1.) There were no controls in place to actively monitor the usage of a generic database administrator account. The use of generic or shared accounts with high-level privileges increases the risk of unauthorized or inappropriate changes to the application or database. Where unauthorized activities are performed, they will not be traceable to an individual. Also, without appropriate audit logging and monitoring, unauthorized activities may not be detected in a timely manner, can go unnoticed, and evidence of whether or not the attack led to a breach can be inconclusive. 2.) During the audit, we observed that a member of the IT Department had two accounts with administrator privileges within Active Directory. 3.) there were no formal business approvals obtained from appropriate personnel prior to implementing changes to the batch configurations within Unit4. Failure to adequately perform change management processes for changes to batch job processing schedules prior to implementation could lead to a loss of data integrity, processing integrity and/or system down-time. 4.) For a sample change tested, we noted that there was no evidence retained to confirm that sufficient testing was performed before deploying the change into the production environment. A lack of consistent application of change management processes and controls could lead to a loss of data integrity, processing integrity and/or system down-time.	Council should undertake a review of all user accounts on the database to identify all generic accounts. For each account identified Council should confirm the requirement for the account to be active and be assigned privileged access, which users have access, and controls in place to safeguard the account from misuse. Council should ensure that end users only have one privileged account per application. This privileged account should be in the user's name rather than a generic name. For future changes to batch job processing schedules, management should ensure that the review and approval of key change management decisions are adequately recorded prior to implementation. We recommend that management should document the user acceptance testing performed for change implementation, and that appropriate evidence should be retained to evidence sufficient testing being completed before implementation into the production environment. <b>Management response</b> 1.) The use of generic accounts is minimized and restricted to running system processes or batch jobs. Account credentials are accessible but restricted to the server team. The level of event logging is based on risk, considering any impact on system performance and stability. The generic database administrator account is disabled and therefore not monitored. 2.) To confirm there were not 2 separate accounts. The account is for a single user and was added from 2 different groups, The account was added from 2 different user groups using different AD attributes, User ID and Name. 3.) Formal sign off procedures were followed. The test log contains sign off comments from all key parties involved in the process, including the dates in which sign off was provided. With projects of this nature, formal sign off is provided by the Senior Business Analyst in the Finance Project team, once all evidence has been extensively reviewed. In this case, however, the Senior Business Analyst (SBA) was the lead analyst on the project, so in future, segregation of duty will be considered with another senior officer providing sign off on projects where the SBA is lead on. The Council can confirm however, that all finance testing procedures were followed and evidence (input/output files, outcomes, screenshots, officer sign off comments) was appropriately documented. 4.) UAT scripts were followed prior to implementing CR3191227 and tests evidenced in the test log. Evidence of UAT sign off will be retained.

## Controls

- High – Significant effect on financial statements
- Medium – Limited Effect on financial statements
- Low – Best practice

# C. Follow up of prior year recommendations

We identified the following issues in the audit of Leicester City Council's 2022/23 financial statements, which resulted in 10 recommendations being reported in our 2022/23 Audit Findings report. We have followed up on the implementation of our recommendations and note five are still to be completed.

Assessment	Issue and risk previously communicated	Update on actions taken to address the issue
✓	<p><b>Segregation of duty conflicts within Unit 4</b></p> <p>Administrative access to Unit 4 (via 'AG-SYSTEM' role) has been granted to users who have the ability to enter financial transactions. The combination of this and the ability to administer end-user security is considered a segregation of duties conflict.</p> <p>We recommended that:</p> <ul style="list-style-type: none"><li>• Management should consider reviewing access rights assigned to all system users to identify and remove conflicting access rights.</li><li>• Management should adopt a risk-based approach to create and reassess the segregation of duty matrices on a periodic basis. This should consider whether the matrices continue to be appropriate or required updating to reflect changes within the business.</li><li>• If incompatible business functions are granted to users due to organisational size constraints, management should ensure that there are review procedures in place to monitor activities [e.g. reviewing system reports of detailed transactions; selecting transactions for review of supporting documents; etc.</li></ul> <p>This is a recommendation rolled forward from 2021/22.</p>	<p>During the 23/24 audit , while performing privilege access testing, we identified the same users have access to admin role. However, when we obtained the management response, it was confirmed these users are responsible for performing financial administrative tasks as part of their job roles. These users will not be responsible for conducting day in day out activities related to Financial Activities which was further reconfirmed based on the new Job Description and Job titles assigned to them.</p> <p>We performed targeted testing on journals posted by these users on the journals that appeared unusual or could be indicative of management override of control. These journals were confirmed to be posting of interface files which is in line with the job remit as administrative tasks and does not suggest an inappropriate use of access rights to post journals. We also confirmed that the journals identified for testing were appropriate and not indicative of management override of control.</p>

Assessment

- ✓ Action completed
- X Not yet addressed

# C. Follow up of prior year recommendations

Assessment	Issue and risk previously communicated	Update on actions taken to address the issue
X	<p><b>Valuation process of other land and buildings</b></p> <p>We recommended in previous years that officers and the valuer ensure that the information used in the valuation process is the most up to date and in line with relevant guidance. We also recommended that the valuer documents robustly and in detail, the rationale behind assumptions applied as the valuations are produced, to ensure that an audit trail is readily available. This is a recommendation rolled forward from 2020/21.</p>	<p>We continue to encounter challenges in obtaining robust evidence supporting the Council’s valuations of its other land and buildings.</p> <p>We continue to recommend that rationale behind judgements and assumptions applied is evidenced and documented as the valuations are produced, as well as being subject to quality control reviews to mitigate the risk of material and pervasive errors in the financial statements. If this process had been in place in respect of the valuations for the year ended March 2024, it is likely that significant time and effort could have been saved on the part of the audit, finance and valuation teams.</p>
✓	<p><b>Valuation process of Council dwellings</b></p> <p>We are aware of the timings needed in order to produce valuations and the valuer has historically used the most up to date information to estimate house price indices when preparing the financial statements. However, we have identified differences between the index values at the time of preparing the accounts and the audit, when more accurate information is available.</p> <p>We recommended that valuations determined using estimates are revisited when actuals are known, to provide additional assurance that there is no material misstatement. This is a recommendation rolled forward from 2021/22.</p>	<p>Management instructed the valuer to update the index values in April 2024 based on more up to date information.</p> <p>We confirmed that an appropriate index values were used in our comparison to market data obtained independently.</p>
✓	<p><b>Terms of Engagement with valuers responsible for valuing Council Dwellings</b></p> <p>We commissioned an auditor’s expert to review the work done by the external valuer. They commented that there continues to be no reference to the valuation methodology to be used or the actual nature of the assets to be valued.</p> <p>They noted that the valuer set out the assumptions noting the accuracy of the beacon valuation is a major factor governing the quality of the housing stock valuation, but noted that the valuer did not confirm whether any properties were treated differently, ie whether special assumptions were applied.</p> <p>We recommended that these missing aspects are included in the Terms of Engagement in the future. This is a recommendation rolled forward from 2021/22.</p>	<p>We have commissioned an auditor’s expert to review the work done by the external valuer. There were no similar challenges raised and therefore we consider this recommendation to be met.</p>

# C. Follow up of prior year recommendations

Assessment	Issue and risk previously communicated	Update on actions taken to address the issue
✓	<p><b>De minimis policy</b></p> <p>We identified that management have a de minimis policy of not accruing for any transactions below £1k. We gained assurance that the invoices raised, and invoices received under £1k received in March to April 2023 would not pose a risk of material misstatement if they were all not accrued for, due to the size of the populations in question. However, the last time management formally undertook such an assessment was in 2016/17.</p> <p>We recommended that this assessment is done on an annual basis to ensure that the conclusion that the accounts would not be materially misstated as a result of this policy, remains the case.</p>	<p>Management provided a record of their assessment of risk of material misstatement, which we reviewed and confirmed is consistent with our own work to assess this risk.</p>
X	<p><b>Grants income</b></p> <p>In gathering evidence in support of sample testing of schools' grants income, management advised that a double counting error had been identified relating to two of our sample items. This was also a reported error in our 2018/19 Audit Findings Report.</p> <p>Albeit several years apart, this was a very specific error to have recurred, and we therefore recommended that the Council revisits its processes in relation to the processing of schools' grants income to ensure that such double counting does not take place in future.</p>	<p>We identified a similar issue in the current year. UKSPG Grant income and associated expenditure had been double counted in the financial statements due to inappropriate accounting of internal allocations. This has been reported in Appendix D.</p> <p>Therefore, we do not consider this recommendation to be met.</p>
✓	<p><b>Expenditure and Income Analysed by Nature</b></p> <p>We identified in our testing that errors had arisen because of hard coding in this workpaper. This indicates that errors of this nature will continue to recur unless the workings are automated and hard coding removed.</p> <p>We recommended that this workpaper is fully automated, or subject to more robust quality assurance checks as part of the closedown process, so that such errors are avoided.</p>	<p>We did not identify similar issues in the current year audit and we were able to reconcile the Note to the trial balance. Therefore, we consider this recommendation to be met.</p>

# C. Follow up of prior year recommendations

Assessment	Issue and risk previously communicated	Update on actions taken to address the issue
Partial	<p><b>Journals process</b></p> <p>It is not best practice for senior officers to be posting journals as it has the potential to remove a layer of review, authorisation and approval. We noted from the journals data that senior officers have not posted journals, but we identified evidence indicating that they have been posting to the ledger by proxy (ie by asking another officer to post something on their behalf, something that they themselves had prepared).</p> <p>Given that the Council has no automated authorisation process, this raises particular concerns, as it means that officers are posting journals prepared for them by more senior officers, who may then be responsible for the retrospective review of said journal. This has the potential to render the retrospective review ineffective and raises a segregation of duty concern, if the reviewer is reviewing their own work.</p> <p>We recommended that the Council revisit its journals process in respect of this practice and ensure that where officers are posting on behalf of someone else, that those journals are subject to separate review.</p>	<p>We did not identify any similar instances of senior officers to be posting journals in 2023/24.</p> <p>However there continues to be a lack of an established approval process for journals which places heavy reliance on the expectation for the Council's day-to-day activities to identify and correct any improper postings. The Council is aware of this, and officers perform retrospective review of a sample of journals posted. We have reviewed documentation evidencing this review and are satisfied that this is in place. Nevertheless, this represents a control deficiency which the Council is willing to tolerate but which we took consideration of in our approach by increasing the number of journals selected for review. We identified no instances of management override from this review.</p> <p>We deem this recommendation to be partially met.</p>
X	<p><b>Schools cash balances</b></p> <p>For timing convenience, the Council use balances from February for schools as an estimate for the end of March position in the financial statements. We recommended that the Council revisit its closedown processes to ensure that the schools' cash balances as at the balance sheet date are appropriately reflected in the financial statements.</p>	<p>The Council has not taken any actions with regards to this recommendation. We have compared the February bank balances, to the bank confirmation letter at year end and quantified a misstatement £3.892m, which has been reported in Appendix B.</p>
X	<p><b>Capital Additions - Goods Received Not Invoiced</b></p> <p>We identified instances in our additions testing of capital accruals being overstated as the goods/services had not been received before 31 March.</p> <p>We recommended management ensure that capital accruals are reviewed to ensure that they are being based on actual goods/services received.</p>	<p>We identified instances of capital receipt income being overstated due to incorrect accruals being posted. We also identified an instance of a library vehicle being delivered that was not appropriately accrued for in 23/24.</p> <p>Therefore, we do not consider this recommendation to be met.</p>

# D. Audit Adjustments

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 adjusted misstatements

All adjusted 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 2024.

Detail	Comprehensive Income and Expenditure Statement £000	Balance Sheet £000	Impact on total net expenditure £000	Impact on general fund £000
<u>Pooled budgets income and expenditure</u>	Income 25,781	Creditors -630		
We challenged management to demonstrate that the income and expenditure disclosed in Note 30 Pooled Budgets had been correctly accounted for within the CIES. Management identified £25.781m of income and £25.781m of expenditure recognised in the CIES that should not have been recognised under IFRS 11, as it was spend incurred on behalf of the Pooled budget and therefore should have been excluded from the financial statements. There is also a corresponding reclassification of £0.63m in debtors to creditors to reflect the underspend in year.	Expenditure -25,781	Debtors 630		
There is a corresponding misstatement within the prior year comparatives in the CIES for £18.642m. Income and expenditure are both overstated by this amount, therefore it has no impact on the General fund. As this is material it requires a prior period adjustment.				
Continued overleaf..				

# D. Audit Adjustments (continued)

Detail	Comprehensive Income and Expenditure Statement £000	Balance Sheet £000	Impact on total net expenditure £000	Impact on general fund £000
<u>OLB and Surplus revaluations</u> We identified a number of errors through the course of our substantive testing which are outlined in detail on page X. This includes:				
- an adjustment to the location factor of DRC buildings, which was double counted		TBC		
- revised indexation applied to assets not subject to full revaluation		TBC		
- adjustments to EUV assets, not subject to detailed testing, where the land was not separately identifiable to the building		TBC		
- errors identified during our detailed testing in relation to key inputs such as land area, rental income, yields and GIA		TBC		
	TBC	TBC		TBC
- with a corresponding impact on the CIES and Revaluation reserve				
Continued overleaf..				

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# D. Audit Adjustments (continued)

Detail	Comprehensive Income and Expenditure Statement £000	Balance Sheet £000	Impact on total net expenditure £000	Impact on general fund £000
<u>CIES</u> We identified mis-posting of adjustments in our income transaction testing, posted in the closedown period, to net internal income codes to nil. We identified that income and expenditure are both understated.	Expenditure 992 Income -992			
<u>Grant income</u> Management has identified an error in their accounting treatment for UKSPF grant income. The revenue grant has been recognised in full on one cost centre but allocations to other internal teams for projects funded by UKSPF grant have also been recognised in another cost centre so internal allocations of the grant have been double counted. This has resulted in an overstatement of income and expenditure by £0.889m	Income 889 Expenditure -889			
Overall impact	£TBC	£TBC	£TBC	£TBC

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# D. Audit Adjustments (continued)

## Misclassification and disclosure changes

The table below provides details of misclassification and disclosure changes identified during the audit which have been made in the final set of financial statements.

Disclosure/issue/Omission	Adjusted?
Balance Sheet The Code requires that Revenue grants received in advance, recognised at £2.797m in Note 35, is reported separately on the Balance Sheet.	<b>Management response</b> This will be amended.
Note 2 The Note did not include a reconciliation between the Net Expenditure Charged to the HRA & General Fund Balance in the financial statements, to the values reported in the Outturn report presented to Members.	<b>Management response</b> This will be amended.
43 Note 4 The Note discloses critical judgements that are immaterial and do not represent critical judgements in with IAS1. The disclosures are not in compliance with the accounting standards and therefore should be removed.	<b>Management response</b> This will be amended.
Note 5 The Note includes uncertainties that are immaterial and therefore should not be disclosed under IAS1. Also, the narrative on the Net Pension Liability does not explain the uncertainty within the assumptions and judgements over the next 12 months in relation to the recognition of nil value asset.	<b>Management response</b> This will be amended.
Note 9 The presentation of this Note is materially misstated in relation to the accounting treatment of Capital Grants recognised in year, within the Capital Grants unapplied account. The net impact of this issue on reserves is nil, but the presentation of the Note is not compliant with the Code.  This also has a material impact on the prior year disclosure and a prior period adjustment is required.	<b>Management response</b> This will be amended.
continued overleaf...	

# D. Audit Adjustments (continued)

## Disclosure/issue/Omission

## Adjusted?

### Note 11

In our testing of this note, we have identified two classification misstatements:

- £19.56m of Business rates pooling income have been recorded in Note 11 as Other operating income, but it would be more appropriately classified as Taxation and non-specific Grant income within Note 10. This also impacts the CIES presentation.

- £1.384m of HRA recharges income have been recorded in Note 11 as Other operating income, but it would be more appropriate classified under HRA cost of services in the CIES.

These misstatements have no impact on the General fund.

### Management response

This will be amended.

### Note 15 – Revaluations

We identified an OLB asset that was valued 31st March 2024 for £417k but is recorded as being last valued at 31st March 2023 within the disclosures. We also identified a Surplus asset that was valued 31st March 2024 for £1.747m but is recorded as being last valued at 31st March 2022.

### Management response

This will be amended.

### Note 15 – OLB revaluations

We challenged the valuer on the appropriateness of the obsolescence assumptions used, specifically the base year applied when comparing to the base year applied in the prior year valuations. We have gained assurance over the appropriateness of the valuer's assumptions in the current year. However, due to an inconsistency in assumptions between years, we have assessed the opening 2023/24 (prior year closing) valuations to be understated by £1.503m. We have assessed there to be a highly trivial impact on 2023/24 closing balances due to the revaluations in year.

### Management response

This will not be amended as it is not considered to be material.

continued overleaf...

# D. Audit Adjustments (continued)

## Disclosure/issue/Omission

## Adjusted?

### Note 15

When an asset's valuation decreases year on year, Code requirements are for any amounts pertaining to that asset in the revaluation reserve to be taken account out first and if that balance is extinguished to then take differences to the CIES. We identified a number of assets in the fixed asset register where this approach had not been applied. The impact is that charges to the revaluation reserve are understated by £1.071m, and charges to the CIES are overstated by the same amount. This is a classification misstatement within the PPE note.

As this is the second year that we have identified this error we have raised a recommendation within Appendix B.

### Management response

This will not be amended as it is not considered to be material.

### Note 15 – Highways Infrastructure

The temporary relief offered by the Code for the non-disclosure of GBV and accumulated depreciation has not been applied, which is inconsistent with the narrative in the Note.

Also, the disclosure includes unnecessary information in line with the temporary relief regarding the gross cost and depreciation for disposals and is not in line with the accompanying paragraph stating that the carrying amount disposed should be nil.

### Management response

This will be amended.

### Note 15 – Revaluations

The temporary relief offered by the Code for the non-disclosure of GBV and has not been applied, as the Note includes a value for the GBV of Infrastructure assets. Also, the note does not appropriately reflect the material NBV of infrastructure assets that are held on the balance sheet.

### Management response

This will be amended.

### Note 15 – PPE disposals

When non-current assets are disposed there is a requirement to calculate a gain/loss that is reported in the CIES.

For two surplus assets there has been a partial sale of the land in year. The capital receipt has been recognised in the gain/loss calculation, but an associated disposal of the GBV has not been recognised. The value of the capital receipts are £6.962m in the current year, and £7.047m in the prior year, and management have assessed this to be equivalent to the GBV to recognise as a disposal. We deem this to be reasonable as Surplus assets are recorded at fair value annually. As surplus assets are revalued annually, this represents a classification misstatement between revaluations and disposals within the PPE Note, and in the CIES.

### Management response

This will be amended.

continued overleaf...

# D. Audit Adjustments (continued)

Disclosure/issue/Omission	Adjusted?
<p>Note 18a</p> <p>Management have recorded housing benefit overpayment debtors (£3.382m) as financial assets. We do not deem it appropriate to recognise these debtors as financial assets because they are non-contractual statutory debts, and they don't arise from an exchange of services or assets.</p>	<p><b>Management response</b></p> <p>This will not be amended as it is not considered to be material.</p>
<p>Note 18b</p> <p>We identified that £3,913k of investment income is classified under 'Other' but this income is from investments that are held under amortised cost therefore the presentation should be amended.</p> <p>Interest expense includes interest on pension liability £1,166k however this is not a financial liability as per CIPFA code 7.1.2.25 therefore should be excluded from this disclosure.</p>	<p><b>Management response</b></p> <p>This will be amended.</p>
<p>Note 18c</p> <p>The FV calculation of LOBOs is based on long term maturity date but are held on the balance sheet as short term. Whilst we are satisfied that the borrowings are correct be short term as the Council expects to settle the liability based on the option date, management should add a footnote explaining this difference to avoid misleading the reader of the accounts.</p> <p>The disclosure should include narrative to explain how the fair values have been determined for each category of asset and liability.</p>	<p><b>Management response</b></p> <p>This will be amended.</p>
<p>Note 18d</p> <p>Within the narrative, the expected credit loss value is disclosed £19.8m however this will need to be amended to exclude housing benefit overpayment debtor impairment of £2.9m, as this is not a financial asset and therefore an expected credit loss is not charged.</p>	<p><b>Management response</b></p> <p>This will be amended.</p>
<p>Note 27</p> <p>In the testing of this disclosure, we identified that £1.731m of revaluation charges is classified as 'Carrying amount of non-current assets and non-current assets held for sale, sold or de-recognised', but it should be classified within 'Downward revaluations, impairment losses and reversal of prior year impairments'</p>	<p><b>Management response</b></p> <p>This will be amended.</p>
continued overleaf...	

# D. Audit Adjustments (continued)

Disclosure/issue/Omission	Adjusted?
<p>Note 28</p> <p>The Note includes a line for ‘Other receipts from investing activities’ for £80.889m. As this is a material balance, it is appropriate to analyse this line further to ensure material information is not obscured.</p>	<p><b>Management response</b></p> <p>This will be amended.</p>
<p>Note 35</p> <p>When agreeing the 2022/23 prior year figures to the prior year signed accounts. We identified two grants that were omitted in the current year accounts totalling £1.543m. This impacts the disclosure of prior year figures only.</p>	<p><b>Management response</b></p> <p>This will be amended.</p>
<p>Note 36</p> <p>We have assessed that the related parties note includes transactions that do not meet the definition of a related party under IAS24 and the Code (ref 3.9.2.2). Whilst we are satisfied that management have over-disclosed for transparency, and we do not deem this to materially mislead the user of the accounts, we recognise this as not being compliant with IAS24.</p>	<p><b>Management response</b></p> <p>This will not be amended as it is not considered to be material.</p>
<p>Note 42</p> <p>The Pension fund auditor has informed us that the actuary has used an estimated rate of return to calculate the Pension Fund’s assets. They have evaluated the impact as an overstatement of £6.392m for the Council’s share of assets. Due to the asset ceiling adjustment, this adjustment does not impact the primary statements and is instead a disclosure misstatement within Note 42.</p>	<p><b>Management response</b></p> <p>This misstatement does not impact the primary statements, due to the asset ceiling adjustment, and is therefore an immaterial classification misstatement only.</p>
<p>Note 42</p> <p>The Pension fund auditor has informed us that when comparing the asset listing to confirmations, they identified a £4.226m misstatement. Apportioning this for the Council’s share of assets indicates that assets have been understated by £1.245m. Due to the asset ceiling adjustment, this adjustment does not impact the primary statements and is instead a disclosure misstatement within Note 42.</p>	<p><b>Management response</b></p> <p>This misstatement does not impact the primary statements, due to the asset ceiling adjustment, and is therefore an immaterial classification misstatement only.</p>
continued overleaf...	

# D. Audit Adjustments (continued)

## Disclosure/issue/Omission

## Adjusted?

Note 42

The Pension fund auditor has informed us that the actuary has estimated the benefits paid figure within the actuary report. The data submitted to the actuary by the pension fund reported benefits paid of £58.692m. The actuary estimated a figure of £64.303m. There is a net nil impact on the net asset/liability calculation, because gross assets and gross liabilities are both reduced by this amount and does not impact the primary statements. This is instead a disclosure misstatement within Note 42.

Management response

This will be amended.

Prior year comparatives

In our review of the financial statements we identified that the following Notes required prior year comparatives to the same level as detail as current year figures:

Note 15 – Capital commitments

Note 18b - Financial Instruments - Gains and Losses

Note 38 – Leases

Note 39 - Private Finance Initiatives and Service Concession Arrangements

Management should ensure prior year comparatives are included for all relevant Notes to ensure compliance with IAS1.

Management response

This will be amended.

Other disclosures

We identified a number of minor improvements required to other disclosures. This includes narrative amendments, formatting issues, and typos. None of which we consider merit in reporting separately to Those Charged With Governance.

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# D. Audit Adjustments (continued)

## Impact of unadjusted misstatements

The table below provides details of adjustments identified during the 2023/24 audit which have not been made within the final set of financial statements. The Governance and Audit Committee is required to approve management's proposed treatment of all items recorded within the table below.

Detail	Comprehensive Income and Expenditure Statement £000	Balance Sheet £000	Impact on total net expenditure £000	Impact on general fund £000	Reason for not adjusting
Debtors		Debtors 1,108			Not considered to be material and is a projected misstatement
In our initial testing we identified a credit entry of £630k which should have been classified as a creditor. If we assume the error rate to be indicative of the population as a whole, this suggests that the value of short term debtors is understated by £1.108m, with corresponding overstatement of creditors.		Creditors -1,108			
Continued overleaf...					



# D. Audit Adjustments (continued)

## Impact of unadjusted misstatements (continued)

Detail	Comprehensive Income and Expenditure Statement £000	Balance Sheet £000	Impact on total net expenditure £000	Impact on general fund £000	Reason for not adjusting
CIES	557	-557	557	557	Not considered to be material.
We identified three errors within invoices received post year end that relate to 23/24 but were not accrued for. It shows expenditure to be understated by £557k. We extended our testing, and in the residual population we identified a projected misstatement of £1,890k that suggests expenditure is understated by this amount.	1,890	-1,890	1,890	1,890	
	223	-223	223	223	
We identified one error within bank payments made post year end that relates to a good received in 23/24 that was not accrued for. It shows expenditure is understated by £223k.					
Schools' cash balances	3,892	-3,892	3,892	3,892	Not considered to be material.
Overstatement of cash balances as February balances were not updated to reflect March balances					
PPE revaluations	TBC	TBC	TBC	TBC	TBC
Extrapolation due to errors identified in assets where error could be indicative of further errors. If we assume the error rate to be indicative of the population as a whole this would suggest that the value of OLB and Surplus assets is TBC.					
Overall impact	£TBC	£TBC	£TBC	£TBC	

# D. Audit Adjustments (continued)

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## Impact of prior year unadjusted misstatements

The table below provides details of adjustments identified during the prior year audit which had not been made within the final set of 2022/23 financial statements. In determining our overall consideration of the impact of unadjusted misstatements on the 2023/24 financial statements, we have also considered the impact of these unadjusted misstatements from the prior year.

Detail	Comprehensive Income and Expenditure Statement £000	Balance Sheet £000	Impact on total net expenditure £000	Impact on general fund £000	Reason for not adjusting	Impact of error on 2023/24 financial statements
<b>Fees, charges and other service income</b>  In our initial testing we identified an invoice for £6.6k which related to 2021/22 but had been recognised as income in 2022/23. When projected across the population this leads to an extrapolated error of £3.087m. This means that if we assume that this error is representative of the population, when it is projected, there is a risk that fees, charges and other service income is overstated by £3.087m.	3,087	-3,087	3,087	3,087	Not considered to be material and is a projected misstatement	None

Continued overleaf...

# D. Audit Adjustments (continued)

## Impact of prior year unadjusted misstatements (continued)

Detail	Comprehensive Income and Expenditure Statement £000	Balance Sheet £000	Impact on total net expenditure £000	Impact on general fund £000	Reason for not adjusting	Impact of error on 2023/24 financial statements
<b>PPE revaluations</b> Extrapolation of £1,310k due to errors identified in a sample of assets with year-on-year movements in line with expectations. If we assume the error rate to be indicative of the population as a whole this would suggest that the value of existing use value assets is understated, with a notional corresponding increase to the revaluation reserve.		PPE 1,310  Revaluation reserve - 1,310			Not considered to be material and is a projected misstatement	We have obtained the assets on which this projected impact has been applied to in 2022/23, and identified the relevant the assets not subject to full revaluation in 2023/24 to which this projected impact would still apply to.  This has reduced the projected impact on 2023/24 closing PPE balances to an understatement of £952k.
<b>PPE additions</b> Extrapolation due to incorrectly marking goods as receipted though they had not been. The impact is an overstatement of PPE, and an overstatement of Creditors.  We consider there to be no impact on the 2023/24 financial statements.		PPE -3,534  Creditors 3,534			Not considered to be material and is a projected misstatement	None
<b>Schools' cash balances</b> Overstatement of cash balances as February balances were not updated to reflect March balances.  We consider there to be no impact on the 2023/24 financial statements based on this error in the prior year, however this same issue has arisen in the current year audit.	3,240	-3,240	3,240	3,240k	Not considered to be material	None
<b>Overall impact</b>	<b>£6,327k</b>	<b>-£6,327k</b>	<b>£6,327k</b>	<b>£6,327k</b>		

# E. Fees and non-audit services

We confirm below our final fees charged for the audit and provision of non-audit services.

Audit fee	Planned fee	Final fee
Scale fee	391,427	391,427
ISA 315 *	12,550	12,550
Impact of cyber security breach *	-	5,000
Fee due to additional work in the areas of: PPE valuations, expenditure completeness, income completeness, fees and charges income, capital receipts, school cash *	-	10,000
<b>Total audit fees (excluding VAT)</b>	<b>£403,977</b>	<b>£418,977</b>

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\* All variations to the scale fee will need to be approved by PSAA

Non-audit fees for other services	Planned fee	Final fee
Audit Related Services comprising:	243,600	243,600 (estimated)
<ul style="list-style-type: none"> <li>21/22 pooling housing capital receipts grant delivered in year - £7,500</li> <li>22/23 pooling housing capital receipts grant delivered in year - £10,000</li> <li>23/24 pooling housing capital receipts grant which is ongoing - £10,000</li> <li>21/22 teachers pension return delivered in year - £7,500</li> <li>22/23 teachers pension return delivered in year - £10,000</li> <li>23/24 teachers pension return delivered in 24/25 - £12,500</li> <li>21/22 housing benefit work delivered in year - £62,100</li> <li>22/23 housing benefit work which is ongoing - £62,000 (estimate based on prior year fee)</li> <li>23/24 housing benefit work which is ongoing - £62,000 (estimate based on prior year fee)</li> </ul>		
CFO Insights (12,500 per annum for three years)	15,625	15,625
<b>Total non-audit fees (excluding VAT)</b>	<b>£259,225</b>	<b>£259,225 (estimated)</b>

# E. Fees and non-audit services

## Total audit and non-audit fee

(Audit Fee) £418,977 - subject to PSAA approval.

(Non Audit Fee) £259,225

The fees payable to Grant Thornton do not reconcile to the financial statements. We have provided a reconciliation:

### Fees per financial statements:

External Audit £404,000 (rounded). This aligns to the planned fee.

Fees payable for the certification of grant claims £84,000 (rounded), includes:

- 23/24 housing benefit £62,000,
- 23/24 teachers pension £12,500; and
- 23/24 pooling housing capital receipts grant £10,000.

Fees payable for other services £13,000 (rounded), includes:

- CFO insights £12,500

### Reconciling items (Audit fees):

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- Impact of cyber security breach £5,000
  - Proposed additional fees due to extended testing £10,000

### Reconciling items (certification of grant claims):

- 21/22 pooling housing capital receipts grant delivered in year - £7,500
- 22/23 pooling housing capital receipts grant delivered in year - £10,000
- 21/22 teachers pension return delivered in year - £7,500
- 22/23 teachers pension return delivered in year - £10,000
- 21/22 housing benefit work which was delivered in year - £62,100
- 22/23 housing benefit work which is ongoing - £62,000 (estimate based on prior year fee)

These services were considered in prior year financial statements.

### Reconciling items (other services):

CFO insights element that has been billed in year relating to previous years - £3,215

This covers all services provided by us and our network to the group/company, its directors and senior management and its affiliates, and other services provided to other known connected parties that may reasonably be thought to bear on our integrity, objectivity or independence.

None of the above services were provided on a contingent fee basis.







## Changes to Statement of Accounts – Appendix 2

This document sets out the disclosure changes made after the publication of Governance & Audit Agenda

1. Cross reference changes.
  1. Page 2 – contents, amendment of page numbers
  2. Page 5 – update of number for net expenditure on cost of services from £401m to £408m
  3. Page 7 – updated numbers on net assets diagram and narrative
2. Addition of audit report following receipt from Grant Thornton.
3. CIES - update to (Surplus) or deficit on Revaluation of Property, Plant and Equipment Assets, and subsequent totals.

2022/23			2023/24			
Gross Exp	Income	Net Exp		Gross Exp	Income	Net Exp
£000	£000	£000	Note	£000	£000	£000
	(8,228)	Other Operating Income and Expenditure	11			104,684
	31,802	Financing and Investment Income and Expenditure	12			13,323
	(367,809)	Taxation and Non-Specific Grant Income and Expenditure	13			(423,295)
	99,168	(Surplus) or Deficit on Provision of Services	14			103,082
	(146,062)	(Surplus) or Deficit on Revaluation of Property, Plant and Equipment Assets	26b			69,459
	(602,486)	Remeasurement of the Net Defined Benefit Pension Liability	42			17,997
	(748,548)	Other Comprehensive Income & Expenditure				87,456
	(649,380)	Total Comprehensive Income & Expenditure				190,538

4. MIRS – update to Unusable reserves column, Adjustments between accounting basis & funding basis under regulation, and subsequent totals.

2023/24		General Fund Balance	Earmarked Reserves	General Fund Total	Housing Revenue Account	Major Repairs Reserve	Capital Receipts Reserve	Capital Grants Unapplied	Total Usable Reserves	Unusable Reserves	Total Authority Reserves
	Note	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
31st March 2023 brought forward		(15,000)	(302,346)	(317,346)	(25,377)	-	(123,122)	(25,822)	(491,667)	(2,316,902)	(2,808,569)
Total Comprehensive Expenditure and Income		92,446	-	92,446	10,636	-	-	-	103,082	87,456	190,538
Adjustments between accounting basis & funding basis under regulation	9	(82,755)	-	(82,755)	(7,974)	-	(1,533)	479	(91,783)	91,781	(2)
Transfers (from) / to Earmarked Reserves	10	(9,692)	9,692	-	-	-	-	-	-	-	-
Balance at 31st March 2024 carried forward		(15,001)	(292,654)	(307,655)	(22,715)	-	(124,655)	(25,343)	(480,368)	(2,137,665)	(2,618,033)

5. Balance Sheet – Disclosure amendments – update to Property Plant & Equipment value, and subsequent totals. Update to Unusable Reserves value and subsequent total.

31st March 2023		Note	31st March 2024
£000			£000
2,830,261	Property, Plant & Equipment	15	2,667,188
120,731	Heritage Assets	16	121,030
954	Intangible Assets	17	758
70,000	Long Term Investments	18a	15,000
10,220	Long Term Debtors	20	9,737
<b>3,032,166</b>	<b>Long Term Assets</b>		<b>2,813,713</b>
135,895	Short Term Investments	18a	90,315
6,583	Assets Held For Sale (<1 year)	22	2,810
3,158	Inventories	19	3,252
79,465	Short Term Debtors	20	101,576
82,773	Cash and Cash Equivalents	21	90,820
<b>307,874</b>	<b>Current Assets</b>		<b>288,773</b>

  

31st March 2023		Note	31st March 2024
£000			£000
(25,589)	Short Term Borrowing	18a	(36,209)
(184,262)	Short Term Creditors	23	(175,006)
(4,373)	Provisions (<1 year)	24	(3,376)
<b>(214,224)</b>	<b>Current Liabilities</b>		<b>(214,591)</b>
(6,237)	Provisions (>1 year)	24	(5,980)
(180,103)	Long Term Borrowing	18a	(134,491)
(125,211)	Other Long Term Liabilities	18a & 42	(119,316)
-	Revenue Grants Receipts in Advance	35	(2,797)
(5,696)	Capital Grants Receipts in Advance	35	(7,278)
<b>(317,247)</b>	<b>Long Term Liabilities</b>		<b>(269,862)</b>
<b>2,808,569</b>	<b>Net Assets</b>		<b>2,618,033</b>

  

	<u>Represented by:</u>		
491,667	Usable Reserves	25	480,368
2,316,902	Unusable Reserves	26	2,137,665
<b>2,808,569</b>	<b>Total Reserves</b>		<b>2,618,033</b>

6. Note 1 - Accounting Policies, sub section 11 – Disclosure revision to depreciation section.

- Infrastructure - straight-line over estimated use of life.
- Community - straight-line over estimated use of life.
- Surplus - straight-line over estimated use of life.

7. Note 2 – Expenditure & Funding Analysis – Disclosure amendment to show reconciliation from the Outturn reported to Overview Select Committee, for year and comparatives.

2023/24	Revenue Outturn Report Expenditure	Adjustments to arrive at the Net Amount funded from General Fund *	Net Expenditure Charged to the HRA & General Fund Balance	Adjustments Between Accounting & Funding Basis	Net Expenditure on the Comprehensive Income & Expenditure Statement
			£000	£000	£000
City Development & Neighbourhoods	80,777	(16,562)	64,216	44,343	108,559
Housing Revenue Account (HRA)	-	(9,135)	(9,135)	9,632	498
Adult Social Care	146,961	(9,691)	137,270	(948)	136,322
Health Improvement & Wellbeing	(2,904)	160	(2,744)	(492)	(3,236)
Education & Children's Services	108,181	683	108,864	24,021	132,885
Corporate Resources & Support	37,552	1,068	38,620	(1,573)	37,047
Housing Benefits	-	451	451	-	451
Corporate Items	8,544	6,770	15,314	(18,951)	(3,638)
Capital Financing	(1,618)	1,101	(517)	-	(517)
<b>Cost of Services</b>	<b>377,493</b>	<b>(25,154)</b>	<b>352,338</b>	<b>56,032</b>	<b>408,370</b>
Other Operating Expenditure	-	(767)	(769)	105,452	104,684
Financing and Investment Income and Expenditure	-	26,497	26,497	(13,174)	13,323
Taxation and Non-Specific Grant Income	-	(365,717)	(365,716)	(57,579)	(423,295)
<b>(Surplus) or Deficit on Provision of Services</b>	<b>377,493</b>	<b>(365,141)</b>	<b>12,351</b>	<b>90,731</b>	<b>103,082</b>

  

Movement in Balances	General Fund / Earmarked Reserves	HRA	Total
Opening Balance	(317,346)	(25,377)	(342,723)
Surplus or Deficit in the Year	9,690	2,661	12,351
<b>Closing Balance</b>	<b>(307,657)</b>	<b>(22,716)</b>	<b>(330,373)</b>

2022/23	Revenue Outturn Report Expenditure	Adjustments to arrive at the Net Amount funded from General Fund *	Net Expenditure Charged to the HRA & General Fund Balance	Adjustments Between Accounting & Funding Basis	Net Expenditure on the Comprehensive Income & Expenditure Statement
			£000	£000	£000
City Development & Neighbourhoods	71,360	(12,749)	58,611	68,800	127,411
Housing Revenue Account (HRA)	-	(2,791)	(2,791)	22,926	20,135
Adult Social Care	128,399	5,825	134,224	3,941	138,165
Health Improvement & Wellbeing	(3,275)	651	(2,624)	1,130	(1,494)
Education & Children's Services	91,348	(13,476)	77,872	39,288	117,160
Corporate Resources & Support	35,594	2,783	38,377	4,694	43,071
Housing Benefits	-	(325)	(325)	-	(325)
Corporate Items	(2,830)	10,367	7,537	(7,740)	(203)
Capital Financing	3,655	(4,172)	(517)	-	(517)
<b>Cost of Services</b>	<b>324,250</b>	<b>(13,886)</b>	<b>310,364</b>	<b>133,039</b>	<b>443,403</b>
Other Operating Expenditure	-	(2,617)	(2,617)	(5,611)	(8,228)
Financing and Investment Income and Expenditure	-	30,250	30,250	1,552	31,802
Taxation and Non-Specific Grant Income	-	(291,175)	(291,175)	(76,634)	(367,809)
<b>(Surplus) or Deficit on Provision of Services</b>		<b>(277,428)</b>	<b>46,822</b>	<b>52,346</b>	<b>99,168</b>

  

Movement in Balances	General Fund / Earmarked Reserves	HRA	Total
Opening Balance	(357,013)	(32,532)	(389,545)
Surplus or Deficit in the Year	39,666	7,155	46,821
<b>Closing Balance</b>	<b>(317,347)</b>	<b>(25,377)</b>	<b>(342,724)</b>

8. Note 9 – Disclosure adjustments between Accounting Basis and Funding Basis under Regulations for this year and comparatives.

Capital Grants and contributions applied, General Fund & Movement in Unusable reserves columns.  
Application of grants to capital financing credited to the Capital Adjustment Account, General Fund & Movement in Unusable reserves columns.

Adjustment	2023/24					
	General Fund Balance	Housing Revenue Account	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied	Movement in Unusable Reserves
	£000	£000	£000	£000	£000	£000
<b>Adjustments primarily involving the Capital Adjustment Account:</b>						
Reversal of items debited or credited to the Comprehensive Income and Expenditure Account:						
Charges for depreciation, capital expenditure not adding value and amortisation of non-current assets	(56,968)	(28,260)	-	-	-	85,228
Revaluation gains/(losses) on Property Plant and Equipment	1,023	611	-	-	-	(1,634)
Capital grants and contributions applied	56,581	24	-	-	-	(56,605)
Capital expenditure funded from revenue	4,198	-	-	-	-	(4,198)
Revenue expenditure funded from capital under statute	(25,372)	(92)	-	-	-	25,464
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	(116,294)	(13,079)	-	-	-	129,373
Income recognised in respect of donated assets	171	-	-	-	-	(171)
<b>Insertion of items not debited or credited to the Comprehensive Income and Expenditure Account:</b>						
Statutory provision for the financing of capital investment	12,977	1,363	-	-	-	(14,340)
Capital expenditure charged against the General Fund and HRA balances	-	1,826	-	-	-	(1,826)
<b>Adjustments primarily involving the Capital Receipts Reserve:</b>						
Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	10,672	13,766	(24,438)	-	-	-
Use of the Capital Receipts Reserve to finance new capital expenditure	-	-	22,416	-	-	(22,416)
Contribution from the Capital Receipts Reserve towards administrative costs of non-current asset disposals	(250)	(267)	517	-	-	-
<b>Adjustment Continued</b>						
	General Fund Balance	Housing Revenue Account	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied	Movement in Unusable Reserves
	£000	£000	£000	£000	£000	£000
<b>Adjustments primarily involving the Deferred Capital Receipts Reserve:</b>						
Transfer from Deferred Capital Receipts Reserve upon receipt of cash	-	-	(26)	-	-	26
<b>Adjustments primarily involving the Major Repairs Reserve:</b>						
Transfer of HRA depreciation costs to Major Repairs Reserve	-	14,323	-	(14,323)	-	-
Use of the Major Repairs Reserve to finance new capital expenditure	-	-	-	14,323	-	(14,323)
<b>Adjustments primarily involving the Capital Grants Unapplied Reserve:</b>						
Capital grants recognised in the year and credited to the Capital Grants Unapplied Reserve	22,270	-	-	-	(22,270)	-
Application of grants to capital financing credited to the Capital Adjustment Account	-	-	-	-	22,749	(22,749)
<b>Adjustments primarily involving the Financial Instruments Adjustments Account:</b>						
Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements	(1,905)	384	-	-	-	1,521
<b>Adjustments primarily involving the Pensions Reserve:</b>						
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	(39,691)	(3,089)	-	-	-	42,780
Employer's pensions contributions and direct payments to pensioners payable in the year	57,926	4,508	-	-	-	(62,434)
<b>Adjustments primarily involving the Collection Fund Adjustment Account:</b>						
Amount by which Council Tax income credited to the Comprehensive Income and Expenditure Statement is different from Council Tax income calculated for the year in accordance with statutory requirements	(7,954)	-	-	-	-	7,954
<b>Adjustment primarily involving the Accumulated Absences Account:</b>						
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	3,515	9	-	-	-	(3,524)
<b>Adjustment primarily involving the DSG Deficit:</b>						
School budget deficit transferred from General Fund in accordance with statutory requirements	(3,654)	-	-	-	-	3,654
<b>Total Adjustments</b>	<b>(82,779)</b>	<b>(7,973)</b>	<b>(1,531)</b>	<b>-</b>	<b>479</b>	<b>(91,804)</b>

# Note 9 - Comparative tables

Adjustment	2022/23					
	General Fund Balance	Housing Revenue Account	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied	Movement in Unusable Reserves
	£000	£000	£000	£000	£000	£000
<b>Adjustments primarily involving the Capital Adjustment Account:</b>						
Reversal of items debited or credited to the Comprehensive Income and Expenditure Account:						
Charges for depreciation, capital expenditure not adding value and amortisation of non-current assets	(48,686)	(33,854)	-	-	-	82,540
Revaluation gain/(losses) on Property Plant and Equipment	(8,114)	(1,605)	-	-	-	9,719
Capital grants and contributions applied	35,335	24	-	-	-	(35,359)
Capital expenditure funded from revenue	262	-	-	-	-	(262)
Revenue expenditure funded from capital under statute	(30,461)	(450)	-	-	-	30,911
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	(6,307)	(22,576)	-	-	-	28,883
Income recognised in respect of donated assets	4	-	-	-	-	(4)
<b>Insertion of items not debited or credited to the Comprehensive Income and Expenditure Account:</b>						
Statutory provision for the financing of capital investment	13,541	1,254	-	-	-	(14,795)
Voluntary provision for the financing of capital expenditure	-	-	-	-	-	-
Capital expenditure charged against the General Fund and HRA balances	-	805	-	-	-	(805)
<b>Adjustments primarily involving the Capital Receipts Reserve:</b>						
Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	14,095	21,076	(35,173)	-	-	2
Use of the Capital Receipts Reserve to finance new capital expenditure	-	-	16,892	-	-	(16,892)
Contribution from the Capital Receipts Reserve towards administrative costs of non-current asset disposals	(250)	(428)	678	-	-	-
Contribution from the Capital Receipts Reserve to finance the payments to the Government capital receipts pool	-	-	-	-	-	-
Adjustment Continued	2022/23					
	General Fund Balance	Housing Revenue Account	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied	Movement in Unusable Reserves
	£000	£000	£000	£000	£000	£000
<b>Adjustments primarily involving the Deferred Capital Receipts Reserve:</b>						
Transfer from Deferred Capital Receipts Reserve upon receipt of cash	-	-	(30)	-	-	30
Transfer of deferred sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	-	-	-	-	-	-
<b>Adjustments primarily involving the Major Repairs Reserve:</b>						
Transfer of HRA depreciation costs to Major Repairs Reserve	-	15,558	-	(15,558)	-	-
Use of the Major Repairs Reserve to finance new capital expenditure	-	-	-	15,558	-	(15,558)
<b>Adjustments primarily involving the Capital Grants Unapplied Reserve:</b>						
Capital grants recognised in the year and credited to the Capital Grants Unapplied Reserve *	25,984	-	-	-	(25,984)	-
Application of grants to capital financing credited to the Capital Adjustment Account *	-	-	-	-	69,121	(69,121)
<b>Adjustments primarily involving the Financial Instruments Adjustments Account:</b>						
Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements	261	360	-	-	-	(621)
<b>Adjustments primarily involving the Pensions Reserve:</b>						
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	(95,279)	(12,176)	-	-	-	107,455
Employer's pensions contributions and direct payments to pensioners payable in the year	52,090	6,656	-	-	-	(58,746)
<b>Adjustments primarily involving the Collection Fund Adjustment Account:</b>						
Amount by which Council Tax income credited to the Comprehensive Income and Expenditure Statement is different from Council Tax income calculated for the year in accordance with statutory requirements	24,142	-	-	-	-	(24,142)
<b>Adjustment primarily involving the Accumulated Absences Account:</b>						
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	(1,090)	(4)	-	-	-	1,094
<b>Adjustment primarily involving Earmarked Reserves:</b>						
Transfers from the General Fund and Housing Revenue Account to Earmarked Reserves	-	-	-	-	-	-
Transfers to the General Fund and Housing Revenue Account from Earmarked Reserves	-	-	-	-	-	-
<b>Adjustment primarily involving DSG Deficit:</b>						
School budget deficit transferred from General Fund in accordance with statutory requirements	(2,351)	-	-	-	-	2,351
<b>Total Adjustments</b>	<b>(26,824)</b>	<b>(25,360)</b>	<b>(17,633)</b>	<b>-</b>	<b>43,137</b>	<b>(26,680)</b>

9. Note 15 – Property Plant & Equipment movement on balances 2023/24, disclosure change, Other land and Buildings Column – both revaluation numbers, and subsequent totals. Both Depreciation written out values and subsequent totals.

Movements on Balances in 2023/24	Council Dwellings	Other Land and Buildings	Vehicles, Plant, Furniture & Equipment	Infrastructure Assets	Community Assets	Surplus Assets	Assets Under Construction	Total Property, Plant and Equipment	Service Concession Assets Included in Property, Plant and Equipment
	£000	£000	£000	£000	£000	£000	£000	£000	£000
<b>Cost or Valuation</b>									
As at 1st April 2023	1,229,914	1,219,894	85,217	1,393	2,651	72,827	1,604	<b>2,613,500</b>	160,018
Additions	38,667	16,536	2,438	-	554	1,951	27,267	<b>87,413</b>	-
Revaluation Increases/(Decreases) recognised in the Revaluation Reserve	(25,060)	(74,076)	-	20	840	(7,334)	-	<b>(105,610)</b>	2,506
Revaluation Increases/(Decreases) not recognised in the Revaluation Reserve	(13,370)	(8,967)	(145)	(23)	(513)	1,786	(1,741)	<b>(22,993)</b>	-
De-recognition – disposals	(13,221)	(113,539)	(1,602)	-	-	(336)	-	<b>(128,698)</b>	(86,935)
Assets reclassified (to)/from Held for Sale	-	417	-	-	-	1,747	-	<b>2,164</b>	-
Asset reclassified (other)	-	(4,742)	-	-	(74)	312	4,504	<b>-</b>	-
<b>As at 31st March 2024</b>	<b>1,216,930</b>	<b>1,035,503</b>	<b>85,908</b>	<b>1,390</b>	<b>3,468</b>	<b>70,953</b>	<b>31,634</b>	<b>2,445,776</b>	<b>75,589</b>

  

Movements on Balances in 2023/24	Council Dwellings	Other Land and Buildings	Vehicles, Plant, Furniture & Equipment	Infrastructure Assets	Community Assets	Surplus Assets	Assets Under Construction	Total Property, Plant and Equipment	Service Concession Assets Included in Property, Plant and Equipment
	£000	£000	£000	£000	£000	£000	£000	£000	£000
<b>Accumulated Depreciation &amp; Impairment</b>									
As at 1st April 2023	1	(265)	(30,914)	(272)	(3)	(7)	-	<b>(31,460)</b>	(9,012)
Depreciation Charge	(13,361)	(29,601)	(8,633)	(17)	(31)	(11)	-	<b>(51,674)</b>	(6,297)
Depreciation written out to the Revaluation Reserve	13,239	22,759	-	-	31	13	-	<b>36,042</b>	2,477
Depreciation written out to the Surplus/Deficit on the provision of services	-	1,813	-	-	-	4	-	<b>1,817</b>	-
De-recognition – disposals	142	2,759	1,327	-	-	-	(283)	<b>3,945</b>	2,180
<b>As at 31st March 2024</b>	<b>1</b>	<b>(2,536)</b>	<b>(38,220)</b>	<b>(289)</b>	<b>(3)</b>	<b>(1)</b>	<b>(283)</b>	<b>(41,330)</b>	<b>(10,652)</b>
<b>Net Book Value as at 31st March 2024</b>	<b>1,216,931</b>	<b>1,032,968</b>	<b>47,688</b>	<b>1,101</b>	<b>3,465</b>	<b>70,952</b>	<b>31,351</b>	<b>2,404,446</b>	<b>64,937</b>
1st April 2023	1,229,915	1,219,629	54,303	1,121	2,648	72,820	1,604	<b>2,582,040</b>	151,006

10. Note 15 - Highways infrastructure assets, Disclosure change to show Net position only.  
Total PPE assets – Revised totals from changes to Note 15 shown above.

	2022/23	2023/24
	£000	£000
<b>Net carrying amount at 1st April</b>	<b>231,970</b>	<b>248,221</b>
Additions	27,428	26,851
Disposals	(1,186)	(2,339)
Depreciation	(9,991)	(9,991)
<b>Net carrying amount at 31st March</b>	<b>248,221</b>	<b>262,742</b>

  

<b>Total PPE Assets</b>		
	2022/23	2023/24
	£000	£000
Highways Infrastructure assets	248,221	262,742
Other PPE assets	2,582,040	2,404,446
<b>Total PPE assets</b>	<b>2,830,261</b>	<b>2,667,188</b>

11. Note 15 – Property, Plant and Equipment – Capital commitments – addition of wording to clarify comparative disclosure.



12. Note 15 – Property, Plant and Equipment – Revaluations, correction of disclosure.  
Other Land and buildings, valued @ 31<sup>st</sup> March 2023, and valued @ 31<sup>st</sup> March 2024 numbers.  
Surplus Assets, valued @ 31<sup>st</sup> March 2022, and valued @ 31<sup>st</sup> March 2024 numbers.  
Amendment to Total column only.

2023/24 Valuation Dates	Council Dwellings	Other Land and Buildings	Vehicles, Plant, Furniture & Equipment	Infrastructure Assets	Community Assets	Surplus Assets	Assets Under Construction	Total
	£000	£000	£000	£000	£000	£000	£000	£000
Carried at historical cost	-	3,330	59,203	3	40	-	31,634	94,210
Valued at fair or nominal value as at:								
Pre 1st April 2012	-	185	-	-	-	-	-	185
1st April 2012	-	-	-	-	-	-	-	-
1st April 2013	-	1	-	-	-	-	-	1
1st April 2014	-	2	-	686	1	-	-	689
1st April 2015	-	-	-	-	-	-	-	-
1st April 2016	-	-	-	-	-	14	-	14
1st April 2017	-	-	-	-	1	-	-	1
Valued @ 31st March 2019	-	23	-	-	3	21	-	47
Valued @ 31st March 2020	-	12	-	-	77	-	-	89
Valued @ 31st March 2021	-	34	-	-	-	-	-	34
Valued @ 31st March 2022	-	349	-	-	-	3,422	-	3,771
Valued @ 31st March 2023	-	2,106	26,705	-	-	-	-	28,811
Valued @ 31st March 2024	1,216,930	1,029,461	-	701	3,336	67,494	-	2,317,922
<b>Total</b>	<b>1,216,930</b>	<b>1,035,503</b>	<b>85,908</b>	<b>1,390</b>	<b>3,458</b>	<b>70,951</b>	<b>31,634</b>	<b>2,445,774</b>

13. Note 18b Financial Instruments – Gains and Losses – shading on row – Interest payable and similar charges.  
No numeric amendments.
14. Note 26a - Unusable Reserves - Disclosure amendment – Revaluation Reserve amend total to agree to Revaluation Reserve note, and subsequent total.

	31st March 2023	31st March 2024
	£000	£000
Revaluation Reserve	(1,316,634)	(1,162,416)
Capital Adjustment Account	(1,061,239)	(1,044,197)
Financial Instruments Adjustment Account	18,426	19,949
Deferred Capital Receipts Reserve	(1,015)	(989)
Pensions Reserve	36,012	34,355
Collection Fund Adjustment Account	(8,419)	(464)
Accumulated Absences Account	9,973	6,449
Dedicated Schools Grant Adjustment Account	5,994	9,648
<b>Total Unusable Reserves</b>	<b>(2,316,902)</b>	<b>(2,137,665)</b>

15. Note 26b - Revaluation Reserve – disclosure amendment of Upward revaluation of assets, and subsequent totals.

	2022/23	2023/24
	£000	£000
<b>Balance at 1st April</b>	<b>(1,195,684)</b>	<b>(1,316,634)</b>
Upward revaluation of assets	(189,315)	(90,524)
Downward revaluation of assets and impairment losses not charged to the (Surplus)/Deficit on the Provision of Services	43,254	159,983
<b>(Surplus) or deficit on revaluation of non-current assets not posted to the Surplus or Deficit on the Provision of Services</b>	<b>(146,061)</b>	<b>69,459</b>
Difference between fair value depreciation and historical cost depreciation	24,437	24,781
Accumulated gains on assets sold or scrapped	674	59,980
<b>Balance at 31st March</b>	<b>(1,316,634)</b>	<b>(1,162,414)</b>

16. Note 27 – Cash Flow Statement – Operating Activities. Disclosure amendment downward revaluations, and Carrying amount on non-current assets rows, no amendment to total.

	2022/23	2023/24
	£000	£000
Depreciation	(57,731)	(61,665)
Downward revaluations, impairment losses and reversal of prior year impairments	(35,497)	(24,778)
Amortisation	(255)	(296)
Increase / (decrease) in creditors	28,630	5,914
(Increase) / decrease in debtors	1,336	21,542
(Increase) / decrease in inventories	(215)	94
Movement in pension liability	(48,709)	19,654
Carrying amount of non-current assets and non-current assets held for sale, sold or de-recognised	(21,834)	(125,215)
Other non-cash items charged to the net surplus or deficit on the provision of services	1,061	773
	<b>(133,214)</b>	<b>(163,977)</b>

17. Note 27 – Cash Flow Statement – Investing Activities. Disclosure amendment, split out further Other receipts from investing activities adding Capital Grants credited to the surplus or deficit on the provision of services.

	2022/23	2023/24
	£000	£000
Purchase of property, plant and equipment and intangible assets	110,729	114,669
Purchase of short-term and long-term investments	162,800	73,000
Proceeds from sale of property, plant and equipment and intangible assets	(35,172)	(24,438)
Proceeds from short-term and long-term investments	(158,499)	(172,299)
Capital Grants credited to surplus or deficit on the provision of services	(61,154)	(78,850)
Other receipts and payments from investing activities	2,459	(2,039)
<b>Net Cash Flows from Investing Activities</b>	<b>21,163</b>	<b>(89,957)</b>

18. Note 39 – Private Finance Initiatives and Service Concession Arrangements - Integrated waste management service – disclosure amendment Other Land and Buildings, revaluation and subsequent totals.

	Other Land & Buildings	Vehicles, Plant & Equipment	Total
	£000	£000	£000
Balance at 1st April 2023	6,313	3,946	10,259
Additions	-	-	-
Depreciation	(1,285)	(1,231)	(2,516)
Revaluation	2,923	-	2,923
<b>Balance at 31st March 2024</b>	<b>7,951</b>	<b>2,715</b>	<b>10,666</b>