

Other matters for communication

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	Auditor commentary
Matters in relation to fraud	We have previously discussed the risk of fraud with the Audit and Risk Committee. We have not been made aware of any incidents in the period and no other issues have been identified during the course of our audit procedures.
Matters in relation to related parties	<p>We are not aware of any related parties or related party transactions which have not been disclosed.</p> <p>We did however, identify as part of our planning work that there were a number of instances (albeit historic) of members not completing their declarations of interests. When we reviewed the related parties disclosures and compared them to companies house we identified some apparent discrepancies, which have been discussed with the Council, leading to interests in respect of three Councillors being updated. We recommend that all those who are required to declare interests are reminded of the need to update them on a real time basis.</p> <p>We have requested an additional disclosure to be made in relation to related parties to reflect an officer who is a Director of Leicester Arts Centre</p>
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	<p>We are proposing the inclusion of additional representations to the standard requirements as follows:</p> <ul style="list-style-type: none"> • “The prior period adjustment disclosed in Note 6 to the financial statements is accurate and complete. There are no other prior period errors to bring to your attention.” • Reference to the unadjusted misstatements as recorded in Appendix B, and • Recognition of the impact of Covid-19 on the valuation material uncertainty.
Confirmation requests from third parties	We requested from management permission to send confirmation requests to those organisations with which it banks, invests and borrows. Permission was granted and the requests were duly sent. 1 investment confirmation remains outstanding and is being actively chased. Of the confirmations received to date, there have been no issues arising.
Disclosures	<p>Appendix B summarises the most significant amendments made to disclosures to this year's financial statements. In addition a small number of amendments were made to improve clarity for the reader.</p> <p>As part of our audit work on the Council's financial statements for the year ending 31 March 2020, the accounts have been subject to a technical review. The technical review process is a key element of our quality and risk management procedures and clients within the review population, such as the Council, are subject to review ever three years on a rotational basis. The purpose of a technical review is to read the whole draft financial statements together with material in the supporting narrative as an informed user and to identify areas which may appear confusing, misleading or to have inappropriate accounting treatments or disclosures. This review is undertaken by a team separate to the audit team. As a result of the review no fundamental issues were noted in the draft financial statements and Appendix C picks up changes to the accounts. There are a small number of matters which have not been amended but which we do not consider to have a material influence on the understanding of the user of the accounts and therefore there is no impact on our audit report. These have been discussed with the finance team and where they are recurring will be considered as part of the accounts preparation for the financial statements for the year ending 31 March 2021:</p> <ul style="list-style-type: none"> • Note 5 estimation uncertainty - where there are uncertainties it would be useful to include more information on what the specific assumptions are that could give rise to any material change. • Note 19d financial instruments - enhancing the disclosure to describe the specific valuation techniques and inputs used in the fair value measurements. • Note 40 Integrated Waste Management Scheme – has been enhanced this year through narrative to separately report the payments expenditure to fund the capital lifecycle replacements costs as this isn't a repayment of the liability that is currently reported but recommend reviewing whether tabular format can be enhanced to pick this up recurrently.
Other communications	As part of our audit we received information in respect of the Council's policies and operational procedures in respect of the issuing of Fixed Penalty Notices (FPNs) within the City Council's Wardens Services. While we do not believe there is any formal audit action we are required to take at this time (based upon the information we have seen to date) we have been in correspondence with the Council and recommended that it review the suite of key performance indicators utilized in the Wardens Service to ensure that they fully meet the DEFRA Code of Practice on Litter and Refuse expectations in respect of performance being monitored and reported in terms of the impact the Council's actions are having in improving environmental cleanliness.

Audit adjustments

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 omission	Detail	Adjusted?
Impairment Accounting policy	Accounting policy to be updated to ensure that it is in line with the Code.	Yes
IFRS 16 disclosure	Although the implementation of IFRS 16 has been delayed to 1 April 2021, audited bodies still need to include disclosure in their 2019/2020 statements to comply with the requirement of IAS 8 para 31. As a minimum, we would expect audited bodies to disclose the title of the standard, the date of initial application and the nature of the changes in accounting policy for leases. If the impact of IFRS 16 is not known or reasonably estimable, the accounts should state this. The accounts to be updated in this regard.	Yes
Material estimation uncertainty	<ul style="list-style-type: none"> Both of the Council's valuers have now provided their PP&E valuations on the basis of "material valuation uncertainty". A material valuation uncertainty has been disclosed in the pension fund accounts in relation to property assets, and the Council's share of these assets is material. <p>These both represent estimation uncertainties which we would expect to be disclosed. Note 5 has been updated in this regard.</p> <ul style="list-style-type: none"> To aid readers, and better comply with IAS 1, Note 5 has been amended to be more specific of the balances it refers to. 	Yes
Prior period adjustment accounting policy	As the Council have included a prior period adjustment at Note 6, a corresponding accounting policy is required.	Yes
Note 1 Accounting Policies - Property Plant and Equipment	Accounting policy amended to make clear that surplus assets should be measure at fair value rather than current value.	Yes
Note 4 Critical Judgements in Applying Accounting Policies	This narrative has been expanded to include the Council's judgement in relation to schools. The Property, Plant and Equipment figure disclosed on the Balance Sheet includes 2 maintained schools that the council has substantial control over, but does not legally own. If these schools were omitted it would reduce the Property, Plant and Equipment figure by £8.5m.	Yes
Note 15 Expenditure & Income Analysed by Nature	This note was prepared prior to two late journals that reallocated Income and Expenditure items and therefore the breakdown of other service expenses and fees & charges found to be incorrect when reconciling transaction totals to the note. Impact is to increase other service expenses by £7,902k and reduce Fees & Charges by £7,902k. This is a reclassification adjustment only and has a net nil impact on the general fund.	Yes
Note 16 - Capital Commitments	Commitments in relation to Pioneer Park Workspace and Leisure Centre Improvement Programme have been updated to agree to supporting evidence.	Yes
Pooled Budgets Care Fund	Whilst the Council is not the lead for this pooled budget, due to the significance of the amounts involved it was agreed to add the memorandum account to note 31.	Yes
Events after the balance sheet date	Note 18 has been updated to reference Covid-19 and the ongoing impact of the pandemic on the Council.	Yes
Other disclosures	<ul style="list-style-type: none"> Table 2 of Note 19b has made it clearer those assets being valued as fair value through profit and loss" rather than just "fair value" to clarify their classification i.e. not through Other Comprehensive Income Note 40 has been enhanced to separately report the payments expenditure to tie the capital lifecycle replacements costs as these are not repayments of the liability that is currently reported. 	Yes