



**TO COUNCILLOR:**

G A Boulter  
Miss P V Joshi  
J Kaufman

Mrs L Kaufman  
K J Loydall (Chair)  
D W Loydall

Mrs S B Morris

I summon you to attend the following meeting for the transaction of the business in the agenda below.

**Meeting:** Audit Committee  
**Date and Time:** Monday, 4 July 2022, 6.00 pm  
**Venue:** Council Offices, Bushloe House, Station Road, Wigston, Leicestershire, LE18 2DR  
**Special Title:** Extraordinary  
**Contact:** Democratic Services  
**t:** (0116) 257 2775  
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Yours faithfully

Council Offices  
Wigston  
**30 June 2022**

**Mrs Anne E Court**  
Chief Executive



**Meeting ID:** 2443



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**ITEM NO.**

**AGENDA UPDATE**

**PAGE NO'S**

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<https://youtu.be/w6UMkAvGA3E>

#### 4. **Audit Findings Report and Management Representation Letter (2020/21)**

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Report of the Head of Finance / Deputy Section 151 Officer

Deferred from the meeting of the Audit Committee held on Wednesday, 22 June 2022 at 6.00 pm

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# The Audit Findings for Oadby & Wigston Borough Council

**Year ended 31 March 2021**

Oadby & Wigston Borough Council  
June 2022

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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, as required by International Standard on Auditing (UK) 260. Its contents will be discussed with management and the Audit Committee.

Name : Grant Patterson  
For Grant Thornton UK LLP  
Date : June 2022

## Page

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 Oadby & Wigston Borough Council ('the Council') and the preparation of the Council's financial statements for the year ended 31 March 2021 for 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 its 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 inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Our audit work was completed remotely during over the past year. Our work has again been significantly delayed due to issues with the Collection Fund and the valuation of Land & Buildings and Council Dwellings.

Our findings are summarised on pages 5 to 18.

We have identified a number of adjustments to the financial statements that have resulted in a £1.926m adjustment to the Council's Comprehensive Income and Expenditure Statement. Audit adjustments are detailed in Appendix C.

We have also identified two uncertainties which the Council cannot adjust as they are based upon extrapolations.:

- As part of our testing on creditors we review a number of items that had been accrued for based on the GRNI list. Testing identified that for 3 item (£2,188) that had been accrued had already been paid. We have extrapolated these error across the GRNI population and it is potentially misstated by £96,265.
- As in 2019/20 the Council and valuer were unable to provide the original source data used in the revaluation of a sample of other land & buildings assets. Officers have provided alternative evidence to support the data used in the revaluations, however these didn't exactly agree to the data used resulting in estimated £334k uncertainty in the valuation of PP&E. This is being addressed as part of the 2021/22 revaluation.

We have also raised recommendations for management as a result of our audit work in Appendix A. Our follow up of recommendations from the prior year's audit are detailed in Appendix B.

Our work is substantially complete and there are no matters of which we are aware that would require modification of our audit opinion or material changes to the financial statements, subject to the following outstanding matters:

- Internal quality review checks
- receipt of management representation letter; and
- review of the final set of financial statements.

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

Our anticipated audit report opinion will be unmodified.

# 1. Headlines

## 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 now 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.

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

We have not yet completed all of our VFM work and so are not in a position to issue our Auditor's Annual Report. An audit letter explaining the reasons for the delay is attached in the Appendix G to this report. We expect to issue our Auditor's Annual Report by September. This is in line with the National Audit Office's revised deadline, which requires the Auditor's Annual Report to be issued no more than three months after the date of the opinion on the financial statements.

As part of our work, we considered whether there were any risks of significant weakness in the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources. We identified a risk in respect of Financial Sustainability and Delivery of Savings as part of our audit planning work. Our work on this risk is underway and an update is set out in the value for money arrangements section of this report.

## 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 expect to certify the completion of the audit upon the completion of our work on the Council's VFM arrangements, which will be reported in our Annual Auditor's report in September 2022.

# 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 the Audit 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; and
- Substantive testing on significant transactions and material account balances, including the procedures outlined in this report in relation to the key audit risks

## 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 in the weeks following the Audit Committee meeting on 22 June 2022.

These outstanding items include:

- Internal quality review checks
- receipt of management representation letter; and
- review of the final set of financial statements.

## Acknowledgements

We would like to take this opportunity to record our appreciation for the assistance provided by the finance team and other staff. As highlighted in our audit plan presented to the Audit Committee in December 2021, the impact of the pandemic has meant that both your finance team and our audit team faced audit challenges again this year, such as remote access working arrangements i.e. remote accessing financial systems, video calling, physical verification of assets, verifying the completeness and accuracy of information provided remotely produced by the entity, cover for sickness absence, access to key data from Council staff.

## 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 in December 2021

We detail in the table to the right our determination of materiality for Oadby & Wigston Borough Council

	Council Amount (£)	Qualitative factors considered
Materiality for the financial statements	420,000	We determined materiality for the audit of the Council's financial statements as a whole to be £420k in our audit plan, which equated to approximately 1.85% of the Council's 2019-20 gross operating expenses. This benchmark is considered the most appropriate because we consider users of the financial statements to be most interested in how the Council has expended its revenue and other funding.
Performance materiality	294,000	Performance materiality drives the extent of our testing and this was set at 70% of financial statement materiality. Our consideration of performance materiality is based upon a number of factors: <ul style="list-style-type: none"> <li>• We are not aware of a history of deficiencies in the control environment.</li> <li>• The prior year included a prior period adjustment for an error relating to classification of Council Dwellings within the Beacon property revaluation approach; and</li> <li>• Changes in key reporting personnel within the finance department</li> </ul>
Trivial matters	21,000	Triviality is the threshold at which we will communicate misstatements to the Audit Committee.
Materiality for senior officer remuneration	25,000	In accordance with ISA320 we have considered the need to set lower levels of materiality for sensitive balances, transactions or disclosures in the accounts. We consider the disclosures of senior officer's remuneration to be sensitive as we believe these disclosures are of specific interest to the reader of the accounts.

## 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

#### Management override of controls

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. The Authority faces external scrutiny of its spending and this could potentially place management under undue pressure in terms of how they report performance.

We therefore identified management override of control, in particular journals, management estimates and transactions outside the course of business as a significant risk, which was one of the most significant assessed risks of material misstatement.

We have:

- evaluated the design effectiveness of management controls over journals
- obtained the listing of journal entries and other adjustments for the year and reconciled this back to the trial balance to ensure it was complete
- analysed the journals listing and determined the criteria for selecting high risk or unusual journals
- identified and tested 42 high risk or unusual journals made during the year and the accounts production stage for appropriateness and corroboration
- gained an understanding of the accounting estimates and critical judgements applied by management and considered their reasonableness
- reviewed material estimates and judgements for evidence of material bias.
- reviewed the accounting policies adopted by the Authority.

Our review of accounting policies found them to be in line with the relevant financial reporting standards. Details of our findings on the material estimates and judgements can be found on pages 11 to 13.

Our audit work has not identified any issues in respect of management override of controls.

## 2. Financial Statements - Significant risks

### Risks identified in our Audit Plan

### Commentary

#### Fraudulent revenue recognition (rebutted)

Having considered the risk factors set out in ISA 240 and the nature of the revenue streams at the Council, we determined that the risk of fraud arising from revenue recognition could be rebutted, because:

- there is little incentive to manipulate revenue recognition.
- opportunities to manipulate revenue recognition are very limited.
- the culture and ethical frameworks of local authorities, including Oadby & Wigston Borough Council, mean that all forms of fraud are seen as unacceptable.

Therefore, we did not consider this to be a significant risk for Oadby & Wigston Borough Council. There were no changes to our assessment as reported in the audit plan that we need to bring to your attention.

Whilst not a significant risk, as part of our audit work we have undertaken work on material revenue items. Our work has not identified any matters that would indicate our rebuttal was incorrect.

#### Fraudulent expenditure recognition (rebutted)

Having considered the risk factors set out in Practice Note 10 and the nature of expenditure at the Council, we determined that the risk of fraud arising from revenue recognition could be rebutted, because:

- there is little incentive to manipulate revenue recognition.
- opportunities to manipulate revenue recognition are very limited.
- the culture and ethical frameworks of local authorities, including Oadby & Wigston Borough Council, mean that all forms of fraud are seen as unacceptable.

Therefore, we did not consider this to be a significant risk for Oadby & Wigston Borough Council.

There were no changes to our assessment as reported in the audit plan that we need to bring to your attention.

Whilst not a significant risk, as part of our audit work we have undertaken work on material expenditure items. Our work has not identified any matters that would indicate our rebuttal was incorrect.

## 2. Financial Statements - Significant risks

### Risks identified in our Audit Plan

### Commentary

#### Valuation of land and buildings

The Authority revalues 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.

Additionally, management will need to ensure the carrying value in the Authority financial statements is not materially different from the current value or the fair value (for surplus assets) at the financial statements date, where a rolling programme is used.

We therefore identified valuation of land and buildings, particularly revaluations and impairments, as a significant risk, which was one of the most significant assessed risks of material misstatement.

We have:

- evaluated the processes, controls and assumptions put in place by management to ensure that the PP&E valuation is not materially misstated and evaluate the design of these and whether they are sufficient to mitigate the risk of material misstatement;
- assessed the competence, capabilities and objectivity of management's experts (valuers) who carried out your PPE valuations;
- evaluated the instructions issued by management to their management expert (a valuer) for this estimate and the scope of the valuer's work;
- communicated with the valuer about the basis on which the valuation is carried out and where necessary challenge the key assumptions;
- reviewed and challenged the information used by the valuer to ensure it is robust and consistent with our understanding
- tested revaluations made during the year to ensure they are consistent with the valuer's report and input correctly into the Council's asset register; and
- evaluated the assumptions made by management for those assets not revalued during the year and how management have satisfied themselves that these are not materially different to current value.

We experienced a number of issues in obtaining information from the Council's valuer that was necessary to support our audit. This information included the source data used by the valuer and copies of their valuation workings. This has resulted in delays to completing our work in this area and has significantly increased the actual amount of time required for us to complete our testing.

As part of our testing we selected a sample of 16 assets to agree to the source data (e.g. floor plans) used by the valuer in preparing their valuation. In all cases officers were unable to identify the source data used. For the five highest value assets the valuer has remeasured the Gross Internal Area (GIA) and provided updated measurements. For the remaining sample items officers provided alternative evidence to support the data used in the revaluations, however this didn't agree to the data used. We have considered these differences and extrapolated the error across the other land and buildings population, resulting in an estimated error of £0.334m. Officers have not amended the financial statements for this error.

As part of this work we also identified that the acreage for land at Flude's Lane was incorrect. The valuer had based his valuation on the area being 64.21 acres when the size was actually 5.39 acres. The Valuer has updated its valuation to reflect the correct size and the valuation has decreased by £709k to £59k. As this error also existed at 31 March 2020 this Details of the amendments to the accounts for this issue can be found in Appendix B. Officers also identified that this error existed in previous years and have included a prior period adjustment in the financial statements to correct the comparatives.

Apart from the issues identified above our audit work has not identified any further issues in respect of the valuation of land and buildings.

## 2. Financial Statements - Significant risks

### Risks identified in our Audit Plan

### Commentary

#### Valuation of pension fund net liability

The Authority'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.

The pension fund net liability is considered a significant estimate due to the size of the numbers involved and the sensitivity of the estimate to changes in key assumptions.

We therefore identified valuation of the Authority's pension fund net liability as a significant risk, which was one of the most significant assessed risks of material misstatement.

We have, relying where appropriate on work carried out by ourselves as auditors of the Leicestershire Pension Fund:

- updated our understanding of the processes and controls put in place by management to ensure that the Authority's pension fund net liability is not materially misstated and evaluate the design of the associated controls;
- evaluated the instructions issued to the management expert (actuary) for this estimate and the scope of the actuary's work;
- assessed the competence, capabilities and objectivity of the actuary who carried out the Authority's pension fund valuation;
- assessed the accuracy and completeness of the information provided by the Authority to the actuary, through the Pension Fund, to estimate the liability;
- tested the consistency of the pension fund asset and liability and disclosures in the notes to the core financial statements with the actuarial report from the actuary;
- undertaken procedures to confirm the reasonableness of the actuarial assumptions made by reviewing the report of the consulting actuary (as auditor's expert) and performing any additional procedures suggested within the report; and
- documented and evaluated 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 financial statements.

Our testing did not identify any issues in respect of the pension fund net liability. We have also considered the key judgements and estimates in relation to the pension fund liability. Our findings can be found on page 13.

Officers have received an updated IAS19 report from the actuary for Leicestershire Pension Fund. Based on an initial review the net pension liability has reduced by c£0.834m. The accounts have been amended for this (page 25).

## 2. Financial Statements – key judgements and estimates

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

Significant judgement or estimate	Summary of management's approach	Audit Comments	Assessment
Land and Building valuations – £24.864m	<p>Operational land and buildings comprises £24.864m of assets which are valued at existing use value (EUV) where market data is available or if specialised i.e. leisure centres at depreciated replacement cost (DRC) at year end, reflecting the cost of a modern equivalent asset necessary to deliver the same service provision</p> <p>The Council has engaged Innes England to complete the valuation of properties as at 31 March 2021, this includes all assets which are required to be measured at fair value.</p> <p>Management have demonstrated through correspondence with the valuer their challenge of assumptions used in the estimation of asset values.</p> <p>The total year end valuation of land and buildings was £24.864m, a net decrease of £0.043m from 2019/20 (£24.907m).</p>	<p>We have:</p> <ul style="list-style-type: none"> <li>evaluated management's processes and assumptions for the calculation of the estimate, the instructions issued to the valuation expert and the scope of their work, which has included the user of our own valuer to assist with our review and challenge</li> <li>evaluated the competence, capabilities and objectivity of the valuation expert</li> <li>written to the valuer to confirm the basis on which the valuations were carried out</li> <li>considered the completeness and accuracy of the underlying information used to determine the estimate</li> <li>tested on a sample basis revaluations of the Council's operational properties and investment properties during the year to ensure they have been input correctly into the Council's asset register and financial statements</li> <li>considered the Council's process for reviewing the carrying value of assets not revalued in the year.</li> </ul> <p>We identified issues with the underlying data used to in the valuer's revaluation of other land and buildings. See page 9 for more information.</p>	Grey

~ Page 13 ~

### Assessment

- [Purple] We disagree with the estimation process or judgements that underpin the estimate and consider the estimate to be potentially materially misstated
- [Blue] 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
- [Light Purple] We consider management's process is appropriate and key assumptions are neither optimistic or cautious

# 2. Financial Statements - key judgements and estimates

Significant judgement or estimate	Summary of management's approach	Audit Comments	Assessment
<b>Council Dwellings – £65.999m</b>	<p>The Council owns 1,199 dwellings and is required to revalue these properties in accordance with MHCLG'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. The Council has engaged Innes England to complete the valuation of these properties.</p> <p>The total year end valuation of land and buildings – council dwellings was £65.999m, a net increase of £3.211m from 2019/20 (£62.788m).</p>	<p>We have:</p> <ul style="list-style-type: none"> <li>evaluated management's processes and assumptions for the calculation of the estimate, the instructions issued to the valuation expert and the scope of their work</li> <li>evaluated the competence, capabilities and objectivity of the valuation expert</li> <li>written to the valuer to confirm the basis on which the valuations were carried out</li> <li>tested on a sample basis revaluations of the Council's council housing properties during the year to ensure they have been input correctly into the Council's asset register and financial statements</li> </ul> <p>Our audit work has not identified any issues.</p>	Light Purple

~ Page 14 ~

## Assessment

- **Dark Purple** We disagree with the estimation process or judgements that underpin the estimate and consider the estimate to be potentially materially misstated
- **Blue** 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
- **Light Purple** We consider management's process is appropriate and key assumptions are neither optimistic or cautious

# 2. Financial Statements - key judgements and estimates

Area	Summary of management's approach	Audit Comments	Assessment																					
Net pension liability – £30.09m	<p>The Council's net pension liability at 31 March 2021 is £30.09m (PY £22.47m) comprising the Leicestershire Local Government Pension Scheme and unfunded defined benefit pension scheme obligations in relation to Teachers.</p> <p>The Council uses Hymans Robertson to provide actuarial valuations of the Council's assets and liabilities derived from this scheme. A full actuarial valuation is required every three years.</p> <p>The latest full actuarial valuation was completed in 2019. Given the significant value of the net pension fund liability, small changes in assumptions can result in significant valuation movements. There has been a £7.62m net actuarial loss during 2020/21.</p>	<p>We have</p> <ul style="list-style-type: none"> <li>Undertaken an assessment of management's expert</li> <li>Reviewed and assessed the actuary's roll forward approach taken,</li> <li>Used an auditors expert (PWC) to assess the actuary and assumptions made by the actuary. This led to further detailed discussions with the Pension Fund and Actuary whereby we challenged these assumptions and the calculation method applied</li> </ul>	Light Purple																					
		<table border="1"> <thead> <tr> <th>Assumption</th> <th>Actuary Value</th> <th>PwC range</th> <th>Assessment</th> </tr> </thead> <tbody> <tr> <td>Discount rate</td> <td>2.00%</td> <td>1.95% - 2.05%</td> <td>●</td> </tr> <tr> <td>Pension increase rate</td> <td>2.85%</td> <td>2.8% - 2.85%</td> <td>●</td> </tr> <tr> <td>Salary growth</td> <td>3.35%</td> <td>Scheme specific</td> <td>●</td> </tr> <tr> <td>Life expectancy – Males currently aged 45 / 65</td> <td>22.6 / 21.7 years</td> <td>Consistent</td> <td>●</td> </tr> <tr> <td>Life expectancy – Females currently aged 45 / 65</td> <td>25.9 / 24.2 years</td> <td>Consistent</td> <td>●</td> </tr> </tbody> </table> <p>In addition to this, we have:</p> <ul style="list-style-type: none"> <li>identified no issues with the completeness and accuracy of the underlying information used to determine the estimate.</li> <li>confirmed there have been no changes to the valuation method since the previous year, other than the updating of key assumptions above.</li> <li>satisfied ourselves in respect of the reasonableness of: <ul style="list-style-type: none"> <li>the Council's share of pension assets.</li> <li>of the decrease in the estimate, and</li> <li>the adequacy of disclosure of estimate in the financial statements</li> </ul> </li> </ul>		Assumption	Actuary Value	PwC range	Assessment	Discount rate	2.00%	1.95% - 2.05%	●	Pension increase rate	2.85%	2.8% - 2.85%	●	Salary growth	3.35%	Scheme specific	●	Life expectancy – Males currently aged 45 / 65	22.6 / 21.7 years	Consistent	●	Life expectancy – Females currently aged 45 / 65
Assumption	Actuary Value	PwC range	Assessment																					
Discount rate	2.00%	1.95% - 2.05%	●																					
Pension increase rate	2.85%	2.8% - 2.85%	●																					
Salary growth	3.35%	Scheme specific	●																					
Life expectancy – Males currently aged 45 / 65	22.6 / 21.7 years	Consistent	●																					
Life expectancy – Females currently aged 45 / 65	25.9 / 24.2 years	Consistent	●																					

## Assessment

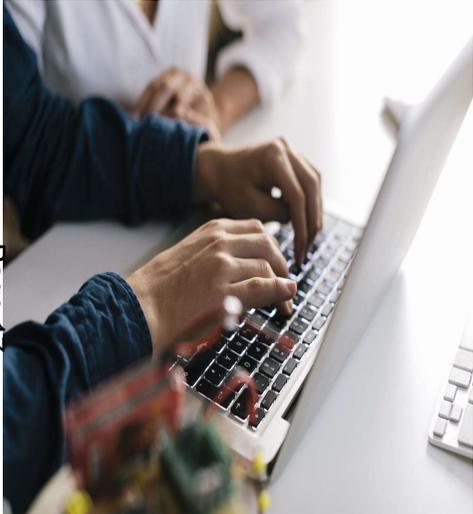
- **Dark Purple** We disagree with the estimation process or judgements that underpin the estimate and consider the estimate to be potentially materially misstated
- **Blue** We consider the estimate is unlikely to be materially misstated however management's estimation process contains assumptions we consider optimistic
- **Grey** We consider the estimate is unlikely to be materially misstated however management's estimation process contains assumptions we consider cautious
- **Light Purple** We consider management's process is appropriate and key assumptions are neither optimistic or cautious

## 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 Audit Committee. We have not been made aware of any other incidents in the period and no other 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
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 will be requested from the Council.

## 2. Financial Statements - other communication requirements



Issue	Commentary
Confirmation requests from third parties	We requested from management permission to send a confirmation request to your bank. This permission was granted and the appropriate confirmation was obtained.
Accounting practices	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.
Audit evidence and explanations/ significant difficulties	Due to the turnover of finance staff over the past 18 months there has been a loss of officers with detailed knowledge of the financial systems. This has resulted in difficulties in the provision of suitable audit evidence to support some of the balances (in particular the Collection Fund). This has been coupled with the late start of the 2020/21 audit due to delays in completion of the 2019/20 audit.

## 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 <i>Statement of Recommended Practice – Practice Note 10: Audit of financial statements of public sector bodies in the United Kingdom (Revised 2020)</i>. 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 by management. 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 <b>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,</b></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 nothing to report on these matters. During the year, we finalised our response to an objection to the accounts for a previous year, but did not exercise our statutory powers as a result of this.</p>

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

Issue	Commentary
<b>Specified procedures for Whole of Government Accounts</b>	<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 group audit instructions.</p> <ul style="list-style-type: none"> <li>Note that work is not required as the Council does not exceed the threshold;</li> </ul>
Certification of the closure of the audit	We intend to delay the certification of the closure of the 2020/21 audit of Oadby & Wigston Borough Council in the audit report as our work on VfM is still to be completed

# 3. Value for Money arrangements

## Revised approach to Value for Money work for 2020/21

On 1 April 2020, the National Audit Office introduced a new Code of Audit Practice which comes into effect from audit year 2020/21. The Code introduced a revised approach to the audit of Value for Money. (VFM)

There are three main changes arising from the NAO's new approach:

- A new set of key criteria, covering financial sustainability, governance and improvements in economy, efficiency and effectiveness
- More extensive reporting, with a requirement on the auditor to produce a commentary on arrangements across all of the key criteria.
- Auditors undertaking sufficient analysis on the Council's VFM arrangements to arrive at far more sophisticated judgements on performance, as well as key recommendations on any significant weaknesses in arrangements identified during the audit.

The Code require 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.



### 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

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## 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 not yet completed all of our VFM work and so are not in a position to issue our Auditor's Annual Report. We expect to issue our Auditor's Annual Report by September 2022. This is in line with the National Audit Office's revised deadline, which requires the Auditor's Annual Report to be issued no more than three months after the date of the opinion on the financial statements

As part of our work, we considered whether there were any risks of significant weakness in the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources. We identified the risk set out below. Our work to date has not identified any issues that we need to bring to your attention or would require immediate reporting. We have given consideration as to whether the delay in the completion of the audit might meet the criteria of a significant weakness in arrangements that required immediate reporting. Given the impact of the pandemic and the fact that Council was actively addressing long term recruitment to key finance positions we have concluded, on balance, that this is not required at this time.

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## Risks of significant weakness

Those risks identified in our Audit Plan as requiring audit consideration and procedures to address the likelihood that proper arrangements are not in place at the body to deliver value for money.



### Financial Sustainability and Delivery of Savings

For 2021/22 the Council has approved a balanced budget, however this includes utilising £580k from reserves. This includes the full utilisation of the remaining selective licencing income (£400k) in 2021/22, which was intended to be released equally over the next four years to 2025/26.

The Council's latest medium term financial plan has significantly reduced the funding gap over the medium term to £400k in 2022/23 and £250k in 2023/24.

The medium term financial planning process is challenging due to the uncertainty over future local government funding arrangements, especially given that the 2021/22 financial settlement was only for one year. The longer-term reforms for the local government finance system, including business rates retention and fairer funding have been delayed and the Council recognises the significant risk that these reforms, including the planned Business Rates Reset, will have a significant effect on the Council's funding level from 2022/23.

Our value for money risk assessment remains in progress. However, given the in-year challenges and those anticipated looking forward we believe a residual VFM risk in respect of planning finances effectively to support the sustainable delivery of strategic priorities and maintain statutory functions remains. We will review the Council's Medium Term Financial Strategy and financial monitoring reports and assess the assumptions used and savings being achieved. This is consistent with our value for money assessment's at other local authorities'.

# 4. Independence and ethics

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. We have complied with the Financial Reporting Council's Ethical Standard and confirm that we, as a firm, and each covered person, are independent and are able to express an objective opinion on the financial statements

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.

## 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 group. The following non-audit services were identified, as well as the threats to our independence and safeguards that have been applied to mitigate these threats.

Service	Fees £	Threats identified	Safeguards
<b>Audit related</b>			
Certification of Housing capital receipts grant	3,500	Self-Interest (because this is a recurring fee)	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 £3,500 in comparison to the total estimated fee for the audit of £55,444 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.
		Self review (because GT provides audit services)	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 Housing Benefit Claim	10,250	Self-Interest (because this is a recurring fee)	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 £10,250 in comparison to the total estimated fee for the audit of £55,444 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.
		Self review (because GT provides audit services)	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.

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 Audit Committee. None of the services provided are subject to contingent fees.

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 D

## 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 [Transparency report 2020 \(grantthornton.co.uk\)](https://www.grantthornton.co.uk/transparency-report-2020)

# Appendices

# A. Action plan – Audit of Financial Statements

We have identified 2 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 2021/22 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.

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Assessment	Issue and risk	Recommendations
	<p><b>Other Land &amp; Buildings Revaluations – Source Data</b></p> <p>The Council and valuer were unable to provide the original source data used in the revaluation of a sample of other land &amp; buildings assets.</p>	<p>The Council should ensure that it holds the source data used by the valuer in revaluing Other Land &amp; Buildings Assets</p> <p><b>Management response</b></p> <p>In 2022/23 the council will be revaluing all our assets by ensuring the valuer has been on site and remeasured all of them. In preparation for this, all the floor plans for all the assets on the General Fund have already been provided to the valuer earlier this year.</p>
	<p><b>Accruals – GRNI</b></p> <p>Testing identified that a number of items on the GRNI list that had been accrued for had already paid and were not outstanding.</p>	<p>The Council should undertake a review of the GRNI list to ensure that it is kept up to date and only includes items that have not been paid.</p> <p><b>Management response</b></p> <p>It is recognised that a clean-up of the GRNI register needs to be completed. Finance will look to review the report for the 2022/23 statement of accounts.</p>

## Controls

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

# B. Follow up of prior year recommendations

We identified the following issues in the audit of [insert client name] Council's 2019/20 financial statements, which resulted in 4 recommendations being reported in our 2019/20 Audit Findings report. We have followed up on the implementation of our recommendations and note one is still to be completed.

Assessment	Issue and risk previously communicated	Update on actions taken to address the issue
X	<p><b>Other Land &amp; Buildings Revaluations – Source Data</b></p> <p>The Council and valuer were unable to provide the original source data used in the revaluation of a sample of other land &amp; buildings assets.</p>	<p>Due to the late completion of the 2019/20 the revaluation process for 2020/21 had already been completed. As an interim measure the Valuer has remeasured the 6 highest value assets during 2020/21 to ensure that there were not material differences in the areas used for the valuations.</p> <p>This recommendation is being addressed for the 2021/22 financial statements.</p>
✓	<p><b>Finance Function Capacity</b></p> <p>During the last year the Council has experienced a significant turnover of senior staff within the Function. This includes the Head of Finance, Director of Finance and the Deputy Chief Executive.</p>	<p>The Council have strengthened the Finance team by appointing a new s151 officer and finance manager.</p>
✓	<p><b>Collection Fund</b></p> <p>Our testing on the collection fund identified that the NNDR figures used in the collection fund didn't agree to supporting evidence. We also identified that the collection fund balances within short term debtors, short term creditors and provision were the 2018/19 amounts and had not been updated for 2019/20 figures.</p>	<p>The Council put in place procedures to run the correct reports in a timely manner.</p> <p>However, we still identified an adjustments to the collection fund (see appendix C), which related to 2019/20 balances being included within short term creditors.</p>
✓	<p><b>Property, Plant &amp; Equipment - Useful Economic Lives</b></p> <p>The Council have assigned useful economic lives which are shorter than those recommend by their valuer. It was also identified that Belmont House had an useful economic live that wasn't within the range specified in the accounting policy.</p>	<p>The Council have reviewed and updated the useful economic lives of its assets and incorporated these into the 2020/21 financial statements.</p>

## Assessment

- ✓ Action completed
- X Not yet addressed

# C. 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 2021.

Detail	Comprehensive Income and Expenditure Statement £'000	Statement of Financial Position £' 000	Impact on total net expenditure £'000
Testing identified that the acreage for land at Fludes Land was incorrect. The valuer had based their valuation on the area being 64.21 acres when the size was actually 5.39 acres. A revised valuation has been obtained resulting in a decrease in value of £0.709m.	-	Dr Revaluation Reserve £709 Cr Community Assets £709	-
At the year end the Council had a £5m investment with Thurrock Council. This was incorrectly included in cash and cash equivalents balance and not short term investments	-	Dr Short Term Investments £5,000 Cr Cash and Cash Equivalent £5,000	-
Covid grants received had been incorrectly included in reserves rather than creditors.	-	Dr Earmarked Reserves £2,414 Cr Creditors £2,414	-
Revised IAS19 figures following an updated actuarial report	Cr Actuarial (Gains)/Losses on Pension Fund Assets and Liabilities £834	Dr Pension Reserve and Other Long Term Liabilities £834	£(834)
Reversal of NNDR Creditors relating to 2019/20 balances	Cr Taxation and Non Specific Grant Income and Expenditure £1,302	Dr Creditors £1,302	£(1,302)
Our testing on after date testing identified a number of invoices that related to 2020/21 but hadn't been accrued for in the accounts. Officers	Dr Net Cost of Services £100	Cr Creditors £100	£100
Long term debtors included an amount of £100k relating to an investment in a subsidiary which was dissolved on 8th January 2019. The balance on the company's bank account of £73k was paid out by cheque in early January 2019 to HM Treasury as a consequence of the company's dissolution. The Council are currently in the process of reclaiming this amount and the long term debtor has been amended to reflect the recoverable amount of £73k	Dr Finance & Resources £27	Cr Long Term Debtors 27	£27
<b>Impact Carried Forward</b>			<b>(£2,009)</b>

# C. Audit Adjustments

Detail	Comprehensive Income and Expenditure Statement £'000	Statement of Financial Position £' 000	Impact on total net expenditure £'000
Impact Brought Forward			(£2,009)
VAT debtor did not agree to the VAT returns. Officers have undertaken a reconciliation to agree the amount owed at the year end.	Dr Finance & Resources £73	Dr Creditors £38 Cr Debtors £111	£73
Trivial Adjustments			£10
Overall impact			(£1,926)

## 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?
Contingent Liability – Municipal Mutual Insurance	In previous years the Council have included a contingent liability in respect of the municipal mutual insurance arrangements. These date back to pre 1992. The Council is still a scheme creditor however the impact is not clear or whether there will be any future funding requirements. Therefore it is appropriate to include this as a contingent liability within the accounts.	✓
Prior Period Adjustments	As already identified during the 2020/21 audit we identified a valuation issue in respect of land at Flude's Lane. Officers undertook an assessment of this error and identified that the valuation approach was taken in previous years and that the error was material to the accounts. Therefore a prior period adjustment has been undertaken for this issue and a prior period adjustment note has been added to explain the changes.	✓
Note 45 Remuneration of Senior Staff	The officers salary exceeding £50,000. This section should disclose the number of officers who receive over £50,000 in bands of £5,000. The Code says all employees, incl Snr Officers should be included in the banding, however the draft accounts excluded the senior officers from the banding.	✓
Collection Fund Note 3	Within the note the non-domestic rateable value at 31 March 2021 did not agree to the figure provided by the Valuation Office. The note has been updated to include the correct figure.	✓

# C. Audit Adjustments

## Impact of unadjusted misstatements

The table below provides details of adjustments identified during the 2020/21 audit which have not been made within the final set of financial statements. The 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	Statement of Financial Position £' 000	Impact on total net expenditure £'000	Reason for not adjusting
As in 2019/20 the Council and valuer were unable to provide the original source data used in the revaluation of a sample of other land & buildings assets. Officers have provided alternative evidence to support the data used in the revaluations, however these didn't exactly agree to the data used.	0	Dr Other Land and Buildings £334  Cr CAA / Revaluation Reserve £(334)	0	This issue will be address in 2021/22 financial statements as part of the 2021/22 revaluation exercise that has already taken place.
As part of our testing on creditors we review a number of items that had been accrued for based on the GRNI list. Testing identified that for 3 item (£2,188) that had been accrued had already been paid. We have extrapolated these error across the GRNI population and it is potentially misstated by £96,265.	Cr Net Cost of Services £(96)	Dr Creditors £96.	£(96)	Actual error identified is £2k which is trivial.
Overall impact	(£96)	£96	£96	

## 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 2019/20 financial statements

Detail	Comprehensive Income and Expenditure Statement £'000	Statement of Financial Position £' 000	Impact on total net expenditure £'000	Reason for not adjusting
The Council and valuer were unable to provide the original source data used in the revaluation of a sample of other land & buildings assets. Officers have provided alternative evidence to support the data used in the revaluations, however these didn't exactly agree to the data used. We have extrapolated this difference and estimate the total difference to be £288k	0	Dr Other Land and Buildings £288  Cr CAA / Revaluation Reserve £(288)	0	This issue will be address in 2020/21 financial statements as part of the 2020/21 revaluation exercise that has already taken place.
Overall impact	£0	£0	£0	

# D. Fees

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

The fees reconcile to the financial statements.

<b>Audit fees</b>	<b>Proposed fee</b>	<b>Estimated Final fee</b>
Council Audit	£55,444	£TBC
Total audit fees (excluding VAT)	£55,444	£TBC

We have reviewed the time we have charged to the 2020-21 audit. In broad terms it has taken us twice as long as envisaged in our plan to deliver our work. We are therefore discussing a potential fee variation with the Director of Finance. It should be noted that any proposed fee variation will also be subject to scrutiny and approval from PSAA.

<b>Non-audit fees for other services</b>	<b>Proposed fee</b>	<b>Final fee</b>
<b>Audit Related Services</b>		
• Certification of Housing Capital receipts grant	£10,250	£10,250
• Certification of Teachers Pension Return	£3,500	£3,500
<b>Other</b>		
• None		
<b>Total non-audit fees (excluding VAT)</b>	<b>£13,750</b>	<b>£13,750</b>



# Appendix 3



**Oadby & Wigston**  
BOROUGH COUNCIL

**Chief Executive's Office**

Please ask for: Tracy Bingham  
Email: [tracy.bingham@oadby-wigston.gov.uk](mailto:tracy.bingham@oadby-wigston.gov.uk)

Grant Thornton UK LLP  
17th Floor  
103 Colmore Row  
Birmingham B3 3AG

**[Date] – {TO BE DATED SAME DATE AS DATE OF AUDIT OPINION}**

Dear Sirs

**Oadby & Wigston Borough Council**  
**Financial Statements for the year ended 31 March 2021**

This representation letter is provided in connection with the audit of the financial statements of Oadby & Wigston Borough Council for the year ended 31 March 2021 for the purpose of expressing an opinion as to whether the Council financial statements are presented fairly, in all material respects in accordance with International Financial Reporting Standards, and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2020/21 and applicable law.

We confirm that to the best of our knowledge and belief having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves:

## Financial Statements

- i. We have fulfilled our responsibilities for the preparation of the Council's financial statements in accordance with International Financial Reporting Standards and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2020/21 ("the Code"); in particular the financial statements are fairly presented in accordance therewith.
- ii. We have complied with the requirements of all statutory directions affecting the Council and these matters have been appropriately reflected and disclosed in the financial statements.
- iii. The Council has complied with all aspects of contractual agreements that could have a material effect on the financial statements in the event of non-compliance. There has been no non-compliance with requirements of any regulatory authorities that could have a material effect on the financial statements in the event of non-compliance.
- iv. We acknowledge our responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud.
- v. Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable. Such accounting estimates include Revaluation of Council Dwellings, Land & Buildings and the Net Pension Liability. We are satisfied that the material judgements used in the preparation of the financial statements are soundly based, in accordance with the Code and adequately disclosed in the financial statements. We understand our responsibilities includes identifying and considering alternative, methods, assumptions or source data that would be equally valid under the financial reporting framework, and why these alternatives were rejected in favour of the estimate used. We are satisfied that the methods, the data and the significant assumptions used by us in making accounting estimates and their related disclosures are appropriate to achieve recognition, measurement or disclosure that is reasonable in accordance with the Code and adequately disclosed in the financial statements.

**Council Offices:** Station Road, Wigston, Leicestershire LE18 2DR  
**Tel:** (0116) 288 8961 **Fax:** (0116) 288 7828 **Minicom:** (0116) 257 2726



[oadby-wigston.gov.uk](http://oadby-wigston.gov.uk)



OadbyWigstonBC



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- vi. We confirm that we are satisfied that the actuarial assumptions underlying the valuation of pension scheme assets and liabilities for IAS19 Employee Benefits disclosures are consistent with our knowledge. We confirm that all settlements and curtailments have been identified and properly accounted for. We also confirm that all significant post-employment benefits have been identified and properly accounted for.
- vii. Except as disclosed in the financial statements:
  - a. there are no unrecorded liabilities, actual or contingent
  - b. none of the assets of the Council has been assigned, pledged or mortgaged
  - c. there are no material prior year charges or credits, nor exceptional or non-recurring items requiring separate disclosure.
- viii. Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of International Financial Reporting Standards and the Code.
- ix. All events subsequent to the date of the financial statements and for which International Financial Reporting Standards and the Code require adjustment or disclosure have been adjusted or disclosed.
- x. We have considered the adjusted misstatements, and misclassification and disclosures changes schedules included in your Audit Findings Report. The Council's financial statements have been amended for these misstatements, misclassifications and disclosure changes and are free of material misstatements, including omissions.
- xi. We have considered the unadjusted misstatements schedule included in your Audit Findings Report and attached. We have not adjusted the financial statements for these misstatements brought to our attention as they are immaterial to the results of the Council and its financial position at the year-end. The financial statements are free of material misstatements, including omissions.
- xii. Actual or possible litigation and claims have been accounted for and disclosed in accordance with the requirements of International Financial Reporting Standards.
- xiii. We have no plans or intentions that may materially alter the carrying value or classification of assets and liabilities reflected in the financial statements.
- xiv. The prior period adjustments disclosed in Note 49 to the financial statements are accurate and complete. There are no other prior period errors to bring to your attention.
- xv. We have updated our going concern assessment. We continue to believe that the Council's financial statements should be prepared on a going concern basis and have not identified any material uncertainties related to going concern on the grounds that :
  - a. the nature of the Council means that, notwithstanding any intention to cease its operations in their current form, it will continue to be appropriate to adopt the going concern basis of accounting because, in such an event, services it performs can be expected to continue to be delivered by related public authorities and preparing the financial statements on a going concern basis will still provide a faithful representation of the items in the financial statements
  - b. the financial reporting framework permits the entry to prepare its financial statements on the basis of the presumption set out under a) above; and
  - c. the Council's system of internal control has not identified any events or conditions relevant to going concern.

We believe that no further disclosures relating to the Council's ability to continue as a going concern need to be made in the financial statements

#### **Information Provided**

- xvi. We have provided you with:
  - a. access to all information of which we are aware that is relevant to the preparation of the Council's financial statements such as records, documentation and other matters;
  - b. additional information that you have requested from us for the purpose of your audit; and

- c. access to persons within the Council via remote arrangements, in compliance with the nationally specified social distancing requirements established by the government in response to the Covid-19 pandemic. from whom you determined it necessary to obtain audit evidence.
- xvii. We have communicated to you all deficiencies in internal control of which management is aware.
- xviii. All transactions have been recorded in the accounting records and are reflected in the financial statements.
- xix. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- xx. We have disclosed to you all information in relation to fraud or suspected fraud that we are aware of and that affects the Council and involves:
  - a. management;
  - b. employees who have significant roles in internal control; or
  - c. others where the fraud could have a material effect on the financial statements.
- xxi. We have disclosed to you all information in relation to allegations of fraud, or suspected fraud, affecting the financial statements communicated by employees, former employees, analysts, regulators or others.
- xxii. We have disclosed to you all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing financial statements.
- xxiii. We have disclosed to you the identity of the Council's related parties and all the related party relationships and transactions of which we are aware.
- xxiv. We have disclosed to you all known actual or possible litigation and claims whose effects should be considered when preparing the financial statements.

**Annual Governance Statement**

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

**Narrative Report**

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

**Approval**

The approval of this letter of representation was minuted by the Council's Audit Committee at its meeting on 4 July 2022.

Yours faithfully

Name..... Date.....

Position.....

Name..... Date.....

Position.....

*Signed on behalf of the Council*



<b>Detail</b>	<b>Comprehensive Income and Expenditure Statement £'000</b>	<b>Statement of Financial Position £' 000</b>	<b>Impact on total net expenditure £'000</b>	<b>Reason for not adjusting</b>
As in 2019/20 the Council and valuer were unable to provide the original source data used in the revaluation of a sample of other land & buildings assets. Officers have provided alternative evidence to support the data used in the revaluations, however these didn't exactly agree to the data used.	0	Dr Other Land and Buildings £334 Cr CAA / Revaluation Reserve £(334)	0	This issue will be address in 2021/22 financial statements as part of the 2021/22 revaluation exercise that has already taken place.
As part of our testing on creditors we review a number of items that had been accrued for based on the GRNI list. Testing identified that for 3 item (£2,188) that had been accrued had already been paid. We have extrapolated these error across the GRNI population and it is potentially misstated by £96,265.	Cr Net Cost of Services £(96)	Dr Creditors £96.	£(96)	Actual error identified is £2k which is trivial.
<b>Overall impact</b>	<b>(£96)</b>	<b>£96</b>	<b>£96</b>	