



The Annual Audit Letter for Oadby & Wigston Borough Council

Year ended 31 March 2020

September 2021



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Executive Summary

Purpose

Our Annual Audit Letter (Letter) summarises the key findings arising from the work that we have carried out at Oadby & Wigston Borough Council (the Council) for the year ended 31 March 2020.

This Letter is intended to provide a commentary on the results of our work to the Council and external stakeholders, and to highlight issues that we wish to draw to the attention of the public. In preparing this Letter, we have followed the National Audit Office (NAO)'s Code of Audit Practice and Auditor Guidance Note (AGN) 07 – 'Auditor Reporting'. We reported the detailed findings from our audit work to the Council's Audit Committee as those charged with governance in our Audit Findings Report on 28 July 2021.

Our work

Materiality	We determined materiality for the audit of the Council's financial statements to be £420,000, which is 2% of the Council's gross cost of services.
Financial Statements opinion	We gave an unqualified opinion on the Council's financial statements on 09 August 2021.
Whole of Government Accounts (WGA)	We completed work on the Council's consolidation return following guidance issued by the NAO.
Use of statutory powers	We did not identify any matters which required us to exercise our additional statutory powers.
Value for Money arrangements	We were satisfied that the Council put in place proper arrangements to ensure economy, efficiency and effectiveness in its use of resources. We reflected this in our audit report to the Council on 09 August 2021.
Certificate	We certified that we have completed the audit of the financial statements of Oadby & Wigston Borough Council in accordance with the requirements of the Code of Audit Practice on 09 August 2021.

Respective responsibilities

We have carried out our audit in accordance with the NAO's Code of Audit Practice, which reflects the requirements of the Local Audit and Accountability Act 2014 (the Act). Our key responsibilities are to:

- give an opinion on the Council financial statements (section two)
- assess the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources (the value for money conclusion) (section three).

In our audit of the Council financial statements, we comply with International Standards on Auditing (UK) (ISAs) and other guidance issued by the NAO.

We would like to record our appreciation for the assistance and co-operation provided to us during our audit by the Council's staff .

Grant Thornton UK LLP
September 2021

Audit of the Financial Statements

Our audit approach

Materiality

In our audit of the Council's financial statements, we use the concept of materiality to determine the nature, timing and extent of our work, and in evaluating the results of our work. We define materiality as the size of the misstatement in the financial statements that would lead a reasonably knowledgeable person to change or influence their economic decisions.

We determined materiality for the audit of the Council's financial statements to be £420,000, which is 2% of the Council's gross cost of services. We used this benchmark as, in our view, users of the Council's financial statements are most interested in where the Council has spent its revenue in the year.

We set a lower threshold of £25,000, above which we reported errors to the Audit Committee in our Audit Findings Report.

We also set a lower level of specific materiality for senior officer remuneration of £21,000, which we consider to be sensitive and of interest to the public.

The scope of our audit

Our audit involves obtaining sufficient evidence about the amounts and disclosures in the financial statements to give reasonable assurance that they are free from material misstatement, whether caused by fraud or error. This includes assessing whether:

- the accounting policies are appropriate, have been consistently applied and adequately disclosed;
- the significant accounting estimates made by management are reasonable; and
- the overall presentation of the financial statements gives a true and fair view.

We also read the remainder of the Statement of Accounts to check it is consistent with our understanding of the Council and with the financial statements included in the Statement of Accounts on which we gave our opinion.

We carry out our audit in accordance with ISAs (UK) and the NAO Code of Audit Practice. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our audit approach was based on a thorough understanding of the Council's business and is risk based.

We identified key risks and set out on pages 6 to 8 the work we performed in response to these risks and the results of this work.

Audit opinion

We gave an unqualified opinion on the group's financial statements on 09 August 2021.

Preparation of the financial statements

Management provided draft financial statements for audit on 21 August 2020. As agreed with officers we planned to spend a week on the audit at this time to select samples for substantive testing to then recommence work in mid September. We were unable to pick samples for debtors, creditors or PP&E revaluations at this time, as the information was not yet available, and this element of the audit was therefore delayed.

On our return in September 2020 there were still some areas where evidence and supporting information that had been requested was not available and there continued to be items outstanding as at the time of writing our draft AFR in late October.

We have worked constructively with the finance team to ensure that we jointly managed an unprecedented situation effectively, including the departure of both the Director of Finance and Head of Finance and more latterly the Deputy Chief Executive. The Council now has an interim Head of Finance on a 2 year fixed term contract and is starting the recruitment process for a permanent position, has recruited a Finance Manager and has a specific interim role to closedown the 2020/21 accounts. Looking forward into the current year we can therefore see that the Council has taken steps to address some of the challenges it experienced in 2019/20, however as it has been going through this process there have been issues that impacted adversely on the efficiency of our 2019/20 accounts audit:

Audit of the Financial Statements

- We agreed our working paper requirements before the start of the audit, but these were not all available when the audit started.
- The Financial Reporting Council's expectation for auditor's to be able to demonstrate increased scepticism and challenge has meant that the depth of our enquiry has increased and, as a result, the levels of information required from the Council to respond to it has also substantially increased i.e. as noted on page 8, floor areas of buildings. Whilst the Council does hold these they have not been regularly required for audit and as a result we experienced difficulties in obtaining appropriate working papers in a timely manner which meant that some procedures were delayed and ultimately the Council had to use alternative methods in order to demonstrate that the figures were not materially misstated. The focus on these areas will continue into future years and it is therefore important that the Council improves its arrangements for recording and retaining information that supports its key assumptions.
- In August 2020 we informed management that figures in the Collection Fund had not changed from 2018/19 It was acknowledged that an updated set of Collection Fund accounts needed to be produced. These were received in May 2021, hence delaying the completion of the audit.

Issues arising from the audit of the financial statements

We reported the key issues from our audit to the Council's Audit Committee on 28 July 2021.

In addition to the key audit risks reported above, we identified four 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 2020/21 audit. Details of these recommendations, along with managements responses, can be found in Appendix B.

Annual Governance Statement and Narrative Report

We are also required to review the Council's Annual Governance Statement and Narrative Report. It published them on its website in the Statement of Accounts in line with the national deadlines

Both documents were prepared in line with the CIPFA Code and relevant supporting guidance. We confirmed that both documents were consistent with the financial statements prepared by the Council and with our knowledge of the Council.

Whole of Government Accounts (WGA)

We carried out work in line with instructions provided by the NAO . We issued an assurance statement which confirmed the Council was below the audit threshold.

Other statutory powers

We also have additional powers and duties under the Act, including powers to issue a public interest report, make written recommendations, apply to the Court for a declaration that an item of account is contrary to law, and to give electors the opportunity to raise questions about the Council's accounts and to raise objections received in relation to the accounts. We did not identify any matters which required us to exercise our additional statutory powers.

Certificate of closure of the audit

We certified that we have completed the audit of the financial statements of Oadby & Wigston Borough Council in accordance with the requirements of the Code of Audit Practice on 09 August 2021.

Audit of the Financial Statements

Significant Audit Risks

These are the significant risks which had the greatest impact on our overall strategy and where we focused more of our work.

Risks identified in our audit plan	How we responded to the risk	Findings and conclusions
<p>Covid-19</p>	<p>As part of our audit work we have:</p> <ul style="list-style-type: none"> • worked with management to understand the implications the response to the Covid-19 pandemic had on the organisation's ability to prepare the financial statements and update financial forecasts and assessed the implications for our materiality calculations. No changes were made to materiality levels previously reported. The draft financial statements were provided in the agreed timescale; • liaised with other audit suppliers, regulators and government departments to co-ordinate practical cross-sector responses to issues as and when they arose. Examples include the material uncertainty disclosed by the Council/groups' property valuation expert • evaluated the adequacy of the disclosures in the financial statements that arose in light of the Covid-19 pandemic; • evaluated whether sufficient audit evidence could be obtained through remote technology; • evaluated whether sufficient audit evidence could be obtained to corroborate significant management estimates such as assets and the pension fund liability valuations; and • evaluated management's assumptions that underpin the revised financial forecasts and the impact on management's going concern assessment; 	<p>Our audit work has not identified any issues in respect of Covid-19</p>
<p>Management override of internal controls</p>	<p>As part of our audit work we have:</p> <ul style="list-style-type: none"> • evaluated the design effectiveness of management controls over journals • analysed the journals listing and determine the criteria for selecting high risk unusual journals • tested unusual journals recorded during the year and after the draft accounts stage for appropriateness and corroboration • gained an understanding of the accounting estimates, critical judgements applied and decisions made by management and consider their reasonableness with regard to corroborative evidence • evaluated the rationale for any changes in accounting policies or significant unusual transactions. 	<p>Our audit work has not identified any issues in respect of management override of controls.</p>

Audit of the Financial Statements

Significant Audit Risks - continued

These are the risks which had the greatest impact on our overall strategy and where we focused more of our work.

Risks identified in our audit plan	How we responded to the risk	Findings and conclusions
Valuation of net pension liability	<p>As part of our audit work we have:</p> <ul style="list-style-type: none"> • 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. 	<p>Where appropriate, we have relied on the audit work carried out by Grant Thornton as auditors of the Leicestershire Pension Fund in undertaking the above procedures.</p> <p>The Covid-19 pandemic has created uncertainty surrounding illiquid asset values. As such, the Pension Fund property and infrastructure allocations as at 31 March 2020 are difficult to value. Professional valuers have not been actively valuing many similar sized assets in the market due to the current lockdown environment. As such values were rolled over from the end of February 2020 with an adjustment and may be inaccurate to the true 31 March 2020 position.</p> <p>We referred to this material valuation uncertainties in our audit report as an emphasis of matter.</p>

Audit of the Financial Statements

Significant Audit Risks - continued

These are the risks which had the greatest impact on our overall strategy and where we focused more of our work.

Risks identified in our audit plan	How we responded to the risk	Findings and conclusions
<p>Valuation of land and buildings</p>	<p>As part of our audit work we have:</p> <ul style="list-style-type: none"> evaluated the processes, controls and assumptions put in place by management to ensure that the PPE 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 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 	<p>The Council's valuer has prepared their valuations as at 31 March 2020. In their reports, they have confirmed that as a result of the Covid-19 pandemic and the subsequent lockdown and impact on market activity, less certainty – and a higher degree of caution – should be attached to their valuations than would normally be the case. We asked officers to refer to this issue in Note 3 Assumptions Made About the Future and Other Major Sources of Estimation Uncertainty.</p> <p>We referred to these material valuation uncertainties in our audit report as an emphasis of matter.</p> <p>As part of our testing we selected a sample of 12 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. Officers provided alternative evidence to support the data used in the revaluations, however these didn't agree to the data used. We considered these differences and extrapolated the error across the other land and buildings population, resulting in an estimated error of £0.288m. Officers have not amended the financial statements for this error as it will be addressed as part of the 2020/21 valuation which has already taken place.</p> <p>We also identified issues with the categorisation of Council Dwelling within the Beacon Property valuation. We identified discrepancies between the classification of properties within the Fixed Asset Register and the housing system. Officers have identified that the housing system holds the correct categorisations and have updated the Fixed Asset Register to reflect these categorisations. This has resulted in an increase of £312k in the carrying amount of Council Dwellings. This issue also affected 2018/19 and Officers have undertaken a prior period adjustment to correct the 2018/19 figures.</p>

Value for Money conclusion

Background

We carried out our review in accordance with the NAO Code of Audit Practice, following the guidance issued by the NAO in April 2020 which specified the criterion for auditors to evaluate:

In all significant respects, the audited body takes properly informed decisions and deploys resources to achieve planned and sustainable outcomes for taxpayers and local people.

Key findings

Our first step in carrying out our work was to perform a risk assessment and identify the risks where we concentrated our work.

The risks we identified and the work we performed are set out overleaf.

As part of our Audit Findings report agreed with the Council in July 2021, we agreed recommendations to address our findings.

Overall Value for Money conclusion

We are satisfied that in all significant respects the Council put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ending 31 March 2020.

Value for Money conclusion

Value for Money Risks

Risks identified in our audit plan	Findings and conclusions
<p>Financial Sustainability</p> <p>Local Government funding continues to be stretched with increasing cost pressures and demand from residents. For 2020/21 the Council is proposing a balanced budget with the use of £101k of General Fund reserves.</p> <p>The Authority has historically been able to achieve savings through making incremental changes to services and ways of working, however, there is a growing acceptance that more challenging decisions are needed to ensure financial stability in the longer term. The Council's new medium term financial strategy (MTFS) to 2024/25 has been prepared to make the Council financially sustainable and shows the Council rebuilding its general fund reserves from 2022/23. To achieve this the MTFS includes a range of savings and 'invest to save' proposals alongside a number of income generation opportunities, that result in cumulative savings of £4.9m and additional income of £3.4m over the MTFS period.</p> <p>We will review the:</p> <ul style="list-style-type: none"> • Council's arrangements for identifying and agreeing savings plans and income generation to ensure that the Council is resilient to the increasing financial challenges of future years, and • the outturn for 2019/20 and the updated MTFS to 2024/25 to gain a better understanding of how the Council plans to remain financially sustainable in the medium to long term. 	<p>The Council reported an overspend of £72k on its net expenditure revised general fund budget for 2019/20. General Fund reserve stands at £1.004m with an additional £2.195m of earmarked general fund reserves as at 31 March 2020.</p> <p>From a review of 2018/19 Value for Money Profiles because of its size the Council's absolute reserves level are in the lower quartile nationally. In relation to reserves the Council is below the mean for unallocated reserves as a % of expenditure when compared to other District Councils (4% versus a mean of 13%) and are also below the mean for earmarked reserves (19% versus a mean of 37%). However, the Council has set a minimum General Fund reserve balance (excluding earmarked reserves) of 10% of net expenditure (£649.5k) and the current General Fund reserve is therefore above this and an increase from last year. Based upon its historic financial management this level should give the Council sufficient resilience in the short-term.</p> <p>In February 2020 the Council set a General Fund balanced net budget of £6.119m for 2020/21. The Authority has also set a balanced HRA budget. At Quarter 2 of 2020/21 the Council has reported an adverse variance of £251k against this budget. The main reason for this variance is the current pandemic, which has a net impact of £167k. The pandemic has led to the Council incurring additional costs of £384k (a mixture of supplies and additional staff costs) and income losses of £1,192k. The Council has received government grants of £1,409k in the first half of the year leaving unfunded costs of £167k in relation to Covid-19.</p> <p>The outturn for 2020/21 resulted in an underspend of £296k against the revised budget. This was mainly due to additional income relating to Covid 19 and Garden Waste.</p> <p>The Council approved the 2021/22 budget in February 2021 and set a General Fund balanced budget of £6.501m. As part of the budget a MTFS to 2022/23 was approved. This shows a balanced budget for 2022/23 with a use of £117k of reserves.</p> <p>Like most of local government, the Council faces a challenging future driven by funding reductions and an increase in demand for services. This is further complicated by the uncertainty relating to the current pandemic which has impacted on income and expenditure of the Council. It has also delayed government decisions on the future of long-term financing of local government, particularly business rate reform, the fair funding review and the strategy for funding social care.</p> <p>The Council is aware that it will need to monitor decisions from the Government with regard to funding and respond accordingly. Inevitably, there will be an ongoing need for the Council to continue revisiting its projections and forecasts as new information comes to light. This may involve making difficult and challenging decisions on priorities in order to deliver balanced budgets over the coming years, including reviewing how it delivers its services going forward, while also maintaining strict budgetary control to minimise overspends.</p>

Value for Money conclusion

Value for Money Risks

Risks identified in our audit plan	Findings and conclusions
<p>Changes in Governance Arrangements</p> <p>During 2019/20 the Council have created a standalone Audit Committee. We will gain an understanding of how this change has been implemented and embedded into the Council's governance arrangements.</p> <p>We will:</p> <ul style="list-style-type: none"> • review the changes to the committee structure and governance arrangements. • review the training and guidance provided to the new Audit Committee and arrangements for determining its effectiveness 	<p>The Audit Committee was introduced into the Constitution on 30 July 2019, following approval by the Full Council on the same date. From a review of the Constitution the role and function of the Audit Committee are in line with our expectations. Committee members have received suitable training to help them develop in their new roles. The Committee is still embedding itself within the Council's governance arrangements but from attendance at Committee we have observed that members are developing in their roles and challenging the reports presented to the Committee.</p>
<p>Capacity within the Council's Finance Function</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>These capacity issues contributed to the delays in production in draft accounts and completion of the audit.</p> <p>We will:</p> <ul style="list-style-type: none"> - consider the circumstances of these departures and review the Council's response to addressing the capacity going forward 	<p>The Council was faced with a challenging time, the impact of Covid-19 put significant workload pressures on officers to deliver support and assistance to the population of Oadby & Wigston. This coincided with a number of staff departures and the move to remote working. This was especially significant within the Council Revenue & Benefits and Finance departments who were responsible for awarding and distributing Business Support Grants.</p> <p>During this period the finance department brought in additional resources to address the departures of the Director and Head of Finance. These resources included a Interim Head of Finance and an interim Closedown Accountant, with the Deputy Chief Executive taking over the s151 responsibilities.</p> <p>Following the departure of the Deputy Chief Executive in March 2021 the interim Head of Finance has taken on the s151 responsibilities and is on a long term temporary contract. The Council have also employed a different interim closedown accountant to oversee the production of the 2020/21 financial statements.</p> <p>Going forward the Council will need to ensure that it has in place sufficient capacity at senior levels and within the finance department.</p>

A. Reports issued and fees

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

Reports issued

Report	Date issued
Audit Plan	March 2020
Audit Findings Report	July 2021
Annual Audit Letter	August 2021

Statutory Audit Fees

	2019/20 Planned £	Actual fees £	2018/19 Fees £	2017/18 fees £
Statutory audit	32,944	62,000	36,444	42,784
Total fees	32,944	62,000	36,444	42,784

Audit fee variation

As outlined in our audit plan, the 2019-20 scale fee published by PSAA of £32,944 assumes that the scope of the audit does not significantly change. There are a number of areas where the scope of the audit has changed, which has led to additional work. These are set out in the following table (page 15).

The revised planning fee was agreed with the Council early in 2020 in advance of the audit. The elements for the audit overrun and Covid were reported in our Audit Findings Report in July 2021.

All fee variations are subject to PSAA approval.

Fees for non-audit services

Service	Fees £
Audit related services	
- Housing Benefit (Subsidy) Assurance Process	£10,250
- Certification of Housing capital receipts grant	£3,250
Non-Audit related services	
- None	

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 table above summarises all non-audit services which were identified.
- We have considered whether non-audit services might be perceived as a threat to our independence as the group's auditor and have ensured that appropriate safeguards are put in place.

The above non-audit services are consistent with the group's policy on the allotment of non-audit work to your auditor





Final proposed audit fees

The table below shows the proposed variations to the original scale fee for 2019/20 subject to PSAA approval




Audit area	£	Rationale for fee variation
2019/20 Scale fee	32,944	
Raising the bar (increased challenge and depth of work)	2,500	The Financial Reporting Council (FRC) has highlighted that the quality of work by all audit firms needs to improve across local audit. This will require additional supervision and leadership, as well as additional challenge and scepticism in areas such as journals, estimates, financial resilience and information provided by the entity.
PPE Valuation – work of experts	1,250	We have increased the volume and scope of our audit work to ensure an adequate level of audit scrutiny and challenge over the assumptions that underpin PPE valuations.
Pensions – valuation of net pension liabilities under IAS 19	1,250	The Financial Reporting Council has highlighted that the quality of work by audit firms in respect of IAS 19 needs to improve across local government audits. Accordingly, we have increased the level of scope and coverage in respect of IAS 19 this year to reflect this. Specifically, we have increased the granularity, depth and scope of coverage, with increased levels of sampling, additional levels of challenge and explanations sought, and heightened levels of documentation and reporting.
New standards and developments	1,200	PSAA's original scale fee for this contract was set in March 2018, so any new developments since that time need to be priced in.
Revised planning fee	39,194	
Covid-19	5,879	<p>The current Covid-19 pandemic has had a significant impact on all of our lives, both at work and at home. The impact of Covid-19 on the audit of the financial statements for 2019/20 has been multifaceted. This includes:</p> <ul style="list-style-type: none"> Revisiting planning - we have needed to revisit our planning and refresh risk assessments, materiality and testing levels. This has resulted in the identification of a significant risk at the financial statements level in respect of Covid-19 necessitating the issuing of an addendum to our original audit plan as well as additional work on areas such as going concern and disclosures in accordance with IAS1 particularly in respect to material uncertainties. Management's assumptions and estimates - there is increased uncertainty over many estimates including pension and other investment valuations. Many of these valuations are impacted by the reduction in economic activity and we are required to understand and challenge the assumptions applied by management. Financial resilience assessment – we have been required to consider the financial resilience of audited bodies. Our experience to date indicates that Covid-19 has impacted on the financial resilience of all local government bodies. This has increased the amount of work that we need to undertake on the sustainable resource deployment element of the VFM criteria necessitating enhanced and more detailed reporting in our ISA260. Remote working – the most significant impact in terms of delivery is the move to remote working. We, as other auditors, have experienced delays and inefficiencies as a result of remote working, including the delays in receiving accounts, quality of working papers, and delays in responses. These are understandable and arise from the availability of the relevant information and/or the availability of key staff (due to shielding or other additional Covid-19 related demands). In many instances the delays are caused by our inability to sit with an officer to discuss a query or working paper. Gaining an understanding via Teams or phone is more time-consuming. Remote working has also highlighted the complexity of the Council's underlying financial systems. Certain reports have taken longer to obtain in an appropriate format than would be expected, for example Journal, debtor and creditor reports.
Audit overrun	16,927	<p>It has taken around an additional 40 days of audit inputs in order to complete our work on the 2019/20 financial statements. The key areas have been additional:</p> <ul style="list-style-type: none"> catch up calls with the Council's Finance team which have involved the Engagement Lead, Engagement Manager and Assistant Manager audit procedures in respect of auditing the movement in council dwelling valuations audit procedures in respect of reviewing the alternative approach to other land and building floor areas work required to audit the collection fund then re-audit the updated collection fund time to obtain sufficient audit assurance through working papers on other account balances
Total proposed audit fees on completion	62,000	

B. Recommendation action plan

We have identified four 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 2020/21 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
 High	<p>Other Land & Buildings Revaluations – Source Data</p> <p>The Council and valuer were unable to provide the original source data used in the revaluation of a sample of other land & buildings assets.</p>	<p>The Council should ensure that it holds the source data used by the valuer in revaluing Other Land & Buildings Assets</p> <p>Management response</p> <p>Steps are being taken to facilitate this recommendation.</p>
 Medium	<p>Finance Function Capacity</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 needs to ensure that it has in place sufficient capacity at senior levels and within the finance department.</p> <p>Management response</p> <p>The Council will be reviewing the finance structure to facilitate this recommendation.</p>
 Medium	<p>Collection Fund</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 should ensure that the correct reports in relation to the collection fund are run in a timely manner to enable officer to prepare an accurate collection fund statement and financial statements.</p> <p>Management response</p> <p>Procedures have now been put in place to ensure the correct reports are run on a timely basis for the collection fund.</p>
 Low	<p>Property, Plant & Equipment - Useful Economic Lives</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 should ensure it reviews the useful economics lives of its assets and considers these against the valuers guidance and other Local Authority practice. It should also ensure that the useful economic lives are accurately disclosed in the financial statements.</p> <p>Management response</p> <p>These recommendations will be incorporated in future financial statements.</p>

Controls

-  High – Significant effect on control system
-  Medium – Effect on control system
-  Low – Best practice



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