

Our Ref: SW/IH

Dear Engagement Partner

This representation letter is provided in connection with your audit of the financial statements of Wiltshire Council for the years ended 31 March 2021 and 31 March 2022.

We acknowledge our responsibility for preparing financial statements that give a true and fair view of the financial position of Wiltshire Council as of 31 March 2021 and 31 March 2022 and of the results of its operations, other recognised gains and losses and its cash flows for the year then ended in accordance with the CIPFA/LASAC Code of Practice on Local Authority Accounting in the United Kingdom 2020/21 and 2021/22 ("the Code").

We confirm, to the best of our knowledge and belief, subject to the pervasive matters that resulted in the disclaimer of opinion, the following representations.

#### *Financial statements*

1. We understand and have fulfilled our responsibilities for the preparation of the financial statements in accordance with the Accounts and Audit Regulations 2015 and CIPFA/LASAC Code of Practice on Local Authority Accounting in the United Kingdom 2020/21 and 2021/22 ("the Code").
2. 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 the context of the applicable financial reporting framework.
3. Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of IAS24 "Related party disclosures".
4. All events subsequent to the date of the financial statements and for which the applicable financial reporting framework requires adjustment of or disclosure have been adjusted or disclosed.
5. We've considered the issues raised in the ISA 260 concerning potential material misstatements and disclosure deficiencies, both individually and in aggregate, and are content to approve the accounts for publication without amendment. A list of the uncorrected misstatements and disclosure deficiencies is detailed in the appendix to this letter.
6. We have considered control deficiencies highlighted in ISA 260 and don't consider any could lead to a material misstatement or significant risk of fraud.
7. We are satisfied that the work undertaken to resolve issues identified with PPE balances and identify all lease arrangements are sufficient to prevent any further material misstatements.
8. We confirm that the financial statements have been prepared on the going concern basis and disclose in accordance with IAS 1 all matters of which we are aware that are relevant to the Council's ability to continue as a going concern, including principal conditions or events and

our plans. In making our going concern assessment we have adopted the 'continuing provision of service' approach and accordingly we are not aware of any material uncertainties related to events or conditions that may cast significant doubt upon the Council's ability to continue as a going concern. There are no circumstances that we are aware of that would affect the appropriateness of the 'continuing provision of service' approach. We confirm the completeness of the information provided regarding events and conditions relating to going concern at the date of approval of the financial statements, including our plans for future actions.

9. We confirm that we have taken reasonable measures to ascertain if there is any need for impairment of Infrastructure Assets, or any need to revise the current average useful economic life of 60 years for Infrastructure Assets.
10. We acknowledge our responsibility for ensuring the Council has put in place arrangements for securing economy, efficiency and effectiveness in its use of resources.
11. We are not aware of any deficiencies in the Council's arrangements to secure economy, efficiency and effectiveness in its use of resources other than the one reported in the ISA 260.
12. We acknowledge our responsibility for ensuring appropriate processes and controls are in place in respect of Covid-19 specific funding and expenditure streams. We have considered the accounting treatment of grants received, including whether the Council is acting as agent or principal in respect of transactions, and whether any amounts receivable or payable should be accrued, reflecting all relevant guidance and circumstances.
13. We have evaluated whether the restrictions, terms or conditions on grants or donations have been fulfilled with and deferred income to the extent that they have not.
14. With respect to the revaluation of properties in accordance with the Code:
  - a) the measurement processes used are appropriate and have been applied consistently, including related assumptions and models;
  - b) the assumptions appropriately reflect our intent and ability to carry out specific courses of action on behalf of the Council where relevant to the accounting estimates and disclosures;
  - c) we confirm that the effects of the Covid-19 pandemic have been fully considered by our valuation experts and are reflected in the property valuations disclosed in the financial statements;
  - d) where assets have been valued on a Modern Equivalent Asset basis, we have considered whether any changes are required to the Modern Equivalent Asset assumed in the valuation, or to the depreciated extent of the existing asset:
    - i. following the experience of the Covid-19 pandemic, and its potential impact on asset requirements and design; or

- ii. as a result of climate change, and its potential impact on asset requirements and design;
  - e) the information supplied for the valuation of the Council's property and investment property assets includes up to date rental and other relevant data to inform the valuation, and there are no circumstances we are aware of that would impact upon the valuation of assets (such as issues with condition) that have not been shared with the valuer.
  - f) we have considered the valuation of the Council's Property, Plant and Equipment and investment properties, and we are not aware of any other errors or inconsistencies, and the overall valuation movement recognised is in line with that expected from the work of the valuer.
  - g) the disclosures are complete and appropriate; and
  - h) there have been no subsequent events that require adjustment to the valuations and disclosures included in the financial statements.
15. We have evaluated whether any of our properties are affected by Reinforced Autoclaved Aerated Concrete and therefore whether there are any factors to be taken into account in the valuation of our estate and have nothing to report in this regard.
16. We have considered the valuation of the Council's Property, Plant and Equipment that have not been subject to revaluation in year, and are not aware of any circumstances indicating an impairment or volatility in asset values (either in year, or on a cumulative basis since the last revaluation of the assets) that would suggest the carrying value is materially misstated as a result of it not being revalued.
17. We have reconsidered the remaining useful lives of the Council's Property, Plant and Equipment and confirm that the present rates of depreciation are appropriate to amortise the cost or revalued amount less residual value over the remaining useful lives.
18. We confirm that:
- a) all retirement benefits and schemes, including funded or unfunded, approved or unapproved, contractual or implicit have been identified and properly accounted for;
  - b) all settlements and curtailments have been identified and properly accounted for;
  - c) all events which relate to the determination of pension liabilities have been brought to the actuary's attention;
  - d) the actuarial assumptions underlying the valuation of the scheme liabilities (including the discount rate used) accord with the Council's best estimates of the future events that will affect the cost of retirement benefits and are consistent with our knowledge of the business;

- e) the actuary's calculations have been based on complete and up to date member data as far as appropriate regarding the adopted methodology; and
  - f) the amounts included in the financial statements derived from the work of the actuary are appropriate.
19. We have reviewed our provisioning for Non-Domestic Rates appeals and consider that the assumptions used reflect our best assessment of the liability in respect of appeals.
20. We have reviewed our provisioning for recoverability of non-exchange debtors, including in respect of Non-Domestic Rates, Council tax and Housing benefit overpayments, and consider the assumptions in respect of recoverability to reflect our best assessment of the recoverable amount of these balances.

*Information provided*

21. We have provided you with all relevant information and access as agreed in the terms of the audit engagement letter and required by the Local Audit and Accountability Act 2014 other than as noted in representation 22 – the 'unresolved audit queries' representation below.
22. Due to the time constraints of the backstop, we have not been able to respond to all queries you have raised in respect of the financial statements. In respect of the unresolved audit queries listed in the Appendix, we confirm that we are not aware of any matters that would require any adjustments to the financial statements, including to the disclosures included therein.
23. All transactions have been recorded and are reflected in the financial statements and the underlying accounting records.
24. We acknowledge our responsibilities for the design, implementation and maintenance of internal control to prevent and detect fraud and error and we believe we have appropriately fulfilled those responsibilities.
25. 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.
26. We have disclosed to you all information in relation to fraud or suspected fraud that we are aware of and that affects the entity and involves:
- (i) management;
  - (ii) employees who have significant roles in internal control; or
  - (iii) others where the fraud could have a material effect on the financial statements.
27. We have disclosed to you all information in relation to allegations of fraud, or suspected fraud, affecting the entity's financial statements communicated by employees, former employees, analysts, regulators or others.

28. We are not aware of any instances of non-compliance, or suspected non-compliance, with laws, regulations and contractual agreements whose effects should be considered when preparing financial statements.
29. We have disclosed to you the identity of the entity's related parties and all the related party relationships and transactions of which we are aware.
30. No claims in connection with litigation have been or are expected to be received.
31. We have no plans or intentions that may materially affect the carrying value or classification of assets and liabilities reflected in the financial statements.
32. We confirm that:
  - (i) we consider that the entity has appropriate processes to prevent and identify any cyber breaches other than those that are clearly inconsequential; and
  - (ii) we have disclosed to you all cyber breaches of which we are aware that have resulted in more than inconsequential unauthorised access of data, applications, services, networks and/or devices.
33. We have performed an assessment of the impact on the financial statements of events in Russia and Ukraine including consideration of the impact of sanction and have disclosed the results of that assessment to you.

We confirm that the above representations are made on the basis of adequate enquiries of management and staff (and where appropriate, inspection of evidence) sufficient to satisfy ourselves that we can properly make each of the above representations to you.

Yours faithfully

Signed on behalf of the Council

# Appendix 1

## Schedule of Uncorrected Misstatements

		Debit/ (credit) income statement £m	Debit/ (credit) in net assets £m	Debit/ (credit) OCI/Equity £m
<b>Misstatements identified in prior year</b>				
Pension liability – Goodwin	[1]	-	(3.000)	3.000
Ridgeway House	[2]	-	0.084	(0.084)
Crematorium Lodge	[3]	-	(0.234)	0.234
Disposals made in error	[4]	-	0.936	(0.936)
Duplicate assets	[5]	-	(2.089)	2.089
Cost of Asset Disposals Debtor GL Code	[6]	-	(0.882)	0.882
Properties not on FAR	[7]	-	-	-
Archetype classification	[8]	-	0.636	(0.636)
Understatement of accruals (actual and extrapolated)	[9]	-	(2.959)	2.959
Overstatement of employer's pension contributions	[10]	-	(0.981)	0.981
Properties incorrectly on FAR	[11]	-	(1.443)	1.443
Trust assets	[12]	-	(1.347)	1.347
DIY SO Properties	[13]	-	1.038	(1.038)
Housing benefit accruals	[14]	-	-	-
Pension liability – Impairment of Assets	[15]	-	(5.065)	5.065
Waste vehicle finance leases	[16]	-	-	-
<b>Total</b>		-	<b>(15.306)</b>	<b>15.306</b>

[1] Although the Council is aware of the Goodwin case, we understand that it had not been reflected in the Defined Benefit Obligation in 19/20; our view is that it should be. Based on general information that we have from Hymans Robertson, we understand that for a typical employer's section, the Goodwin impact cost could be of the order of 0.2% of the Defined Benefit Obligation, i.e. around £3m.

[2] We note that for the fixed asset, Ridgeway House Old Peoples' Home, The Lawns, Wootton Bassett, following a challenge by our valuation expert, the Council's valuer has acknowledged that the adopted land value rate was too low as a rate of £200,000 per hectare was applied and the valuer has now revalued the asset adopting a revised land rate of £375,000 per hectare in 19/20. On this basis the value of this asset has been adjusted from £1,498,112 (buildings £1,402,060, land £96,052) to £1,582,158 (buildings £1,402,060, land £180,098) but this adjustment has not been made by the Council due to it being immaterial. We have obtained confirmation from the Council's external valuers that no other assets were affected by the incorrect land value rate being used in the valuation.

[3] We note that in 19/20 the fixed asset, Crematorium Lodge, had not been revalued in the last 3 years and on further investigation it should have actually been disposed of as it has been transferred to a city council. We note the NBV is not material so has not been corrected and any related depreciation charges have not been added to the misstatement as this would be highly trivial. The Council have confirmed this will be corrected in 2020/21 accounts and recognised as a disposal.

[4] We noted during our disposals testing in 19/20 that 3 assets had been processed as disposals in the year in error and were actually still owned by the Council as at 31 March 2020. This meant that the loss on disposal in the year disclosed in Note 3 is overstated and the total value of disposals is also overstated in Note 15 due to the loss on disposal equalling the net book value of the disposed assets. The factual adjustment has not been corrected because it is not material at £935,170 and will be corrected for 2020/21.

[5] We identified two assets which have been recorded twice in the fixed assets register in 19/20 (Amesbury Salt Store Depot £1.959m and Highways Depot (South) – Salisbury £0.130m) resulting in an overstatement of the property, plant and equipment balance.

- [6] In 19/20 we identified that GL code 919995 'Cost of Asset Disposals' which sits within short term debtors is incorrect and these do not represent valid debtors. Per discussions these are legal costs and demolition costs associated with the disposal of assets. From a sample of 3 we identified that none of the assets have yet been sold and 2 were not classified as surplus within the FAR. Therefore, 100% of the debtors balance is not recoverable. These are recognised as debtors incorrectly, with the intention to release them to offset against capital receipts once sold. However this is not in line with accounting standards. Therefore the whole GL code with value of £882k is incorrect and should be removed from debtors. This will be processed in future accounts. From review of the breakdown of the £882k we can see that there is £128k of spend in 19/20 and a reduction of £209k in the year of the debtors balance.
- [7] As part of the Council's Asset Existence Exercise in 19/20 the Council identified two assets which are not included in the FAR but should be. These are: Melksham HRC and the Bradford on Avon Library. Neither of these have been valued so net book values are not available. However, based on our considerations we have no reason to believe that the value of these would be material. This misstatement is that PPE is understated by the value of these assets which is currently unknown.
- [8] We identified two instances in our sample testing in 19/20 where two storey properties had been classified as medium rise flats and therefore were included in Archetype 11. However, medium rise flats are defined as 3-5 stories tall. As such these two properties should be classified in Archetype 10. We performed some calculations to determine the potential error based on the average value of a property in each archetype. The value of the possible error is therefore a £636k understatement which is immaterial.
- [9] We identified a number of instances of the understatement of accruals through our testing of a sample of payments that left the bank post year end (errors: £323k) to determine which financial year these relate to. We have extrapolated these errors over the population tested to determine whether they may be indicative of a material misstatement and have not identified any issues with these extrapolations not being material.
- [10] Per the IAS 19 letter from the Pension Fund Auditors, we were informed that the employers contributions figure per the IAS 19 report was £981k higher than per the pension system in 19/20.
- [11] As part of the Asset Existence Exercise the Council identified a number of assets which are included on the FAR in error as they are not supported by Council records in 19/20. These assets are no longer owned by the Council and should have been removed from the FAR. It is assumed that the assets were disposed of by the Council in previous years.
- [12] The Council held a review of the King George assets in March 2021 following up from the recommendation raised in 2018/19. This identified several assets which should be removed from the Council's accounts.
- [13] The Council disposed of 26 DIY shared ownership properties in error due to not thinking these were owned by the Council and subsequently discovering that they were. Additionally, these properties had never been revalued.
- [14] The Council doesn't accrue for housing benefit payments and these are instead recognised on a cash basis when they are paid. We have determined that the impact on expenditure would not be significant and have estimated the impact to the balance sheet to be a potential understatement of accruals and receivables of £7.5m.
- [15] There were a series of investment assets held by the pension scheme which due to stale pricing issues with the valuation of the fund liability led to an impairment of £11,779k for the pension fund as a whole. The impact for Wiltshire Council of this is £5,065k understatement of the pension liability.
- [16] In 19/20 the Council reclassified and remeasured waste vehicles as a finance lease - receivable (previously treated as REFCUS). As a result of this correction the Council is showing a finance lease receivable on the balance sheet. We agree that this is a lease and that in most cases we would expect the Council as a lessor to recognise a finance lease receivable, however, that's because usually the lessee would be making cash payments in relation to the lease. In this instance, the Council is not entitled to, nor is it receiving, cash payments from the lessee and it is instead receiving a reduction in the price of the waste contract (which is not viewed as an entitlement to receive cash). For this reason that we believe it's appropriate for the asset being recognised in this arrangement to be a prepayment as the provision of the waste vehicles to the supplier up front has led to a reduction in the waste contract price, or in other words, the Council has effectively prepaid an element of the waste contract cost with the consideration being the provision of the vehicles rather than a cash payment. We don't think it's accurate to record a finance lease receivable on the basis that the Council doesn't have any right to receive future cash flows as part of this arrangement. We do not view the abatement of the services contract as equivalent to a right to receive cash – any receivable would not be settled with cash. The Council is instead entitled to pay less for future services, hence our characterisation as a prepayment.
- The disagreement in the correct accounting treatment on the CIES is immaterial, with the most significant impact affecting the type of asset the Council is recording on the balance sheet - either a prepayment within long term/short term debtors of £12,171k, or a long term/short term finance lease receivable and as such we don't consider the current presentation to be materially incorrect.

Uncorrected misstatements – Call and Cast 2020/21

Prior Year Comparative Inconsistencies	Area	Amount
Movement in Reserves Statement: Actual amount charged against the General Fund Balance for pensions in the year: Employer's contributions payable to the scheme - £39.2m. This figure is not disclosed in the prior year financial statements.	49 – Defined Benefit Pension Schemes	£39.2m
Balances were not disclosed in 2019/20 accounts.	53 – Trust Funds	N/A
Education and Skills previously stated net expenditure £53.4m instead of £31.3m.	54 – Prior Period Adjustments	£22.1m
Movement in Reserves - Adjustments between accounting basis and funding basis £41.0m instead of £41.4m.	54 – Prior Period Adjustments	£0.4m
Housing Revenue Account – Total expenditure £22.2m instead of £22.7m. Net cost of services per Income & Expenditure account £4.7m instead of £4.1m. Surplus/ Deficit for the Year on HRA Services £4.8m instead of £5.1m.	Housing Revenue Account	£0.5m, £0.6m & £0.3m
Collection Fund – Non-Domestic Rates 2019/20 Income £150.6m instead of £151.2m.	Collection Fund	£0.6m
Arithmetic Errors	Area	Amount
DSG Reserve cross-casts to £11.4m instead of nil. Total cross-casts to £108.2m instead of £119.6m.	32 – Transfers to/ from Earmarked Reserves	£11.4m
Internal Inconsistencies	Area	Amount
Grant Receipts in Advance in the Balance Sheet is presented as £4.9m. Grant Receipts in Advance per Note 6 are £6.1m.	Balance Sheet & Note 6	£1.2m
2019/20 total PPE assets on the Balance Sheet are presented as £1,121.4m and £1,119.2m per Note 15.	Balance Sheet & Note 15 PPE	£2.2m
Book values as at 31 March in Note 18 are inconsistent with the presentation in Note 15 and the Balance Sheet	18 – Fixed Asset Valuation	N/A

Uncorrected misstatements – Call and Cast 2021/22

Prior Year Comparative Inconsistencies	Area	Amount
The Cashflow statement is inconsistently presented with the prior year financial statements with cash and cash equivalents at the end of the period disclosed with brackets instead of without brackets as in 2020/21.	Cash Flow Statement	N/A
Comparative amounts reported are inconsistent with the amounts reported in the 2020/21 financial statements, and no disclosure has been made in respect of any restatement of these amounts: D – Brought forward from previous year 0 instead of £- 11.4m E – Agreed initial budget distribution £188.6m instead of £177.2m G – Final Budgeted Distribution £189.1m instead of £177.8m J – In Year Carry Forward as at 31 March £7.4m instead of £18.7m L – Addition to DSG unusable reserve at the end of the year £7.4m instead of 0	7 – Dedicated Schools Grant	Various
Comparative amounts reported for the Chief Executive are inconsistent with the amounts reported in the 2020/21 financial statements, and no disclosure has been made in respect of any restatement of these amounts.	10 – Officers Remuneration	£0.1m
Comparative amounts reported are inconsistent with the amounts reported in the 2021/22 financial statements, and no disclosure has been made in respect of any restatement of these amounts. This is primarily due to the inclusion of PFI creditors in the note which were not included in the 2020/21 financial statements.	51 – Fair Value	Various
Arithmetic Errors	Area	Amount
Closing balance on DSG reserve cross-casts to £11.4m instead of nil. Total closing balance cross-casts to £108.2m instead of £119.6m.	31 – Transfers to/ from Earmarked Reserves	£11.4m
Unable to cast as the percentage column is not populated.	49 – Defined Benefit Pension Schemes	N/A



Internal Inconsistencies	Area	Amount
Other comprehensive income and expenditure is reported as £323.6m per the CIES and £324.8m per Total Comprehensive Income and Expenditure line in the Movement in Reserves statement.	Comprehensive Income & Expenditure Statement & Movement in Reserves Statement	£1.2m
Capital grants and contributions presented as £59.7m in Note 5 but Cash receipts of capital grants in Note 40 £58.5m.	5 – Taxation and Non-specific Grant Income & 40 – Cash Flow Investing Activities	£1.2m
Use of the Capital Receipts Reserve to finance new capital expenditure £5.5m in note 14, but £6.6m in note 34 & 37. Use of the Capital Receipts Reserve to finance repayment of HRA debt £3.2m in note 14, but £2.0m in note 34 & 37.	14 – Adjustments between accounting basis and funding basis under regulations, 34 – Usable Capital Receipts Reserve & 37 – Capital Adjustment Account	£1.1m & £1.2m
HRA vacant possession value is reported as £1,012.051 billion which appears to be the incorrect unit of measurement with billion being an overstatement.	Housing Revenue Account	N/A

## Disclosure deficiencies:

Financial year	Disclosure
2020/21	<p>The CIPFA Checklist was not completed by management with cross references to the relevant parts of the financial statements an annual report. From our review of the CIPFA checklist we identified several requirements which had not been met including:</p> <ul style="list-style-type: none"> <li>• The service line presentation does not align with the Council's internal management reporting as identified in 19/20;</li> <li>• Description of the agreed medium and long-term strategies of the Council, including its financial strategy and plans to address future resource shortfalls. Additionally, information on key commitments and known future budget pressures;</li> <li>• Stating the basis of preparation and presentation to allow users to understand how materiality and the group accounts boundary decisions are made;</li> <li>• In the analysis of the adjustments between accounting basis and funding bases the following do not seem to be included: amount by which pension costs calculated in accordance with the Code are different from the contributions under the pension scheme regulations and the statutory provision for repayment of debt;</li> <li>• A disclosure that demonstrated whether the Dedicated Schools Grant has been deployed in accordance with the regulations made under Sections 45A, 45AA, 47, 48(1) and (2) and 138(7) of, and paragraph 1(7)(b) of Schedule 14 to, the School Standards and Framework Act 1998; and</li> <li>• The required disclosures of statutory credits and debits to the collection fund including business supplements, contributions towards deficits/ surpluses for council tax and non-domestic rates, discounts for prompt payment etc.</li> </ul>
2020/21	<p>As noted on page 23 we agreed the depreciation and impairment charges in the PPE and other fixed asset notes to the Capital Adjustment Account and Statutory Adjustments notes. A difference of £0.608m was identified in depreciation and £0.575m in impairment between note 37 and note 15. This was raised with the Council but has not been resolved.</p>
2020/21 & 2021/22	<p>As noted on page 23 we checked that the Capital Finance Requirement matches to the fixed assets less revaluation reserve and capital adjustment account. Unresolved differences of £8.516m in 20/21 and £15.973m in 21/22 were identified.</p>
2020/21 & 2021/22	<p>The Annual Governance Statements for both 2020/21 and 2021/22 have not been appropriately updated to reflect the current situation which will be reported in our opinion. These issues include not appropriately reflecting the 2019/20 disclaimer opinion, the control deficiencies raised, and the statutory recommendation made.</p>
2021/22	<p>Note 11, External Audit Fees identified an additional fee for 20/21 of £100k which we are not aware of.</p>

## Appendix 2

### Appendix

#### Unresolved audit queries

Financial year	Area of the financial statements	Audit query	Quantitative or qualitative consideration
2020/21 2021/22	& Annual Report, Primary Statements & Notes to the Accounts	<p>There are a number of areas of rounding differences and inconsistencies within the financial statements, which would ordinarily be corrected as part of the finalisation of the financial statements. For example, differences in the comparatives shown to the previous financial statements in areas including the dedicated schools' grants and directors' remuneration; cross-casting issues; and inconsistencies in the presentation of balances and segments across notes.</p> <p>Additionally, we identified several notes which have been cut off or do not contain sections previously disclosed.</p>	These are indicative of possible misstatements and disclosure deficiencies.
2020/21	Restatements of Prior Year Amounts	We raised a number of queries due to missing explanations for restatements of prior year numbers and ensuring these are consistent with work done in 2020 which have not been resolved.	There is a risk that restatements may be incorrect and may represent the incorrect application of IAS 8.
2020/21	Provisions	The majority of the business rates retention scheme appeals balance at 1 April 2021 remains at year end indicating there is a proportion which is incorrectly classified as a short-term provision in the 20/21 accounts.	Indicative of possible misstatement between long term and short-term liabilities.
2020/21	Primary Statements & Notes to the Accounts	<p>Analytical Review Queries: A number of queries were raised regarding understanding the reasons for movements in balances</p> <ul style="list-style-type: none"> <li>Income &amp; Expenditure for the following lines in the CIES: ASC Operations – Access &amp; Reablement and Corporate. Additionally, why corporate is a large net income position in 19/20;</li> <li>Significant change in the surplus or deficit on revaluation of PPE assets;</li> <li>Minimal movement in staff costs year on year which is surprising as usually there are pay rises and headcount changes and note 10 indicates there are significantly more individuals in higher bands compared to the PY;</li> <li>Minimal movements in some lines of income despite Covid-19 where there were significant programmes to support business that were funded by the government;</li> <li>Depreciation, amortisation and impairment and other services expenses in note 1b;</li> <li>Significant increase in other loans and advances per note 26b;</li> <li>Note 37 charges for depreciation of non-current assets has reduced significantly.</li> </ul>	These queries are to ensure we have a full understanding of the reasons for significant movements in balances throughout the accounts as large unexplained movements can be indicative of additional risks and possible misstatements.
2020/21	Balance Sheet	The balance sheet includes a note stating that it is a consolidated balance sheet however it is not clear what has been consolidated.	This could indicate a consolidation of which we are unaware.

2020/21	Director of Finance Narrative Report	The narrative report mentions the transfer of unspent grant money to reserves to support on-going support related activities and the financial resilience of the council. We raised a query regarding whether this accounting treatment is in line with the CIPFA Guidance, particularly F12 of the guidance notes. Additionally, the inconsistency in whether savings goals were attained or not.	Indicative of misstatement and incorrect accounting treatment.
2020/21	Financial & Performance Review	A number of queries were raised regarding the reconciliation of balances quoted in the review to the relevant sections of the financial statements and confirming understanding and consistency within this section.	Indicative of possible disclosure deficiencies and inconsistency within the financial statements.
2020/21	Cash	Several queries were raised regarding cash including: <ul style="list-style-type: none"> <li>The impact of the breach of the counterparty limit for the HSBC current account noted;</li> <li>The accounting treatment of overdrafts as cash and cash equivalents.</li> </ul>	Identification of non-compliance with laws and regulations and possible errors in the accounting treatment applied.
2020/21	Fixed Asset Valuations	Understanding the work completed to determine that there is no material change in the value of assets not revalued in year.	Information to assess possible material impact on those not revalued.
2020/21	Investments	Explanation for the additional investment of c.£60m at year end, including where the cash came from as we cannot gain insight of this from the cashflow statement.	Indicative of possible disclosure deficiency.
2020/21	Planning Deposits	Explanation for the inclusion of a planning deposit line on the face of the balance sheet.	Additional information needed to determine appropriateness.
2020/21	Grants	Agent amounts are shown as credited to the balance sheet in Note 6. Query has been raised regarding whether this is appropriate treatment.	Indicative of possible misstatement.
2020/21	Assumptions made about the future and other major sources of estimation uncertainty	The arrears section of this disclosure refers to short term debtors but the figure quoted is short term and long term so clarity sought as to which is correct.	Indicative of possible disclosure deficiency.
2020/21 & 2021/22	Annual Governance Statement	A number of queries have been raised on the annual governance statements including: <ul style="list-style-type: none"> <li>Identification of typos and formatting issues;</li> <li>Principle G has not been updated to reflect the current position of the audit;</li> <li>Principle F additional wording to be added to reflect issues and disclaimer of 19/20 and the number of control recommendations</li> <li>Explanation of why there was a disclaimer in 19/20 for context for users. Additionally refers to both except for and disclaimer but it cannot be both.</li> <li>The "How we can Improve" sections make no reference to addressing the Statutory Recommendation made in 2019/20.</li> </ul>	The current annual governance statement does not reflect the current position of the audits of the council's financial statements and the findings from those. This will be reported in our opinion.
2020/21 & 2021/22	Note 15 PPE	There are accumulated depreciation balances remaining after revaluation for council dwellings in both 20/21 and 21/22. Query regarding what is included within the category adjustments line.	This could indicate possible misstatements.
2020/21 & 2021/22	Annex 1 Accounting Policies	There are a number of areas of typos and inconsistencies with the financial statements and notes. Additionally, these refer to the subsidiary companies being material and producing group accounts which we understand not to be the case.	This could be misleading to readers of the accounts.
2020/21 & 2021/22	Stone Circle	Queries were raised regarding Stone circle: <ul style="list-style-type: none"> <li>Has an impairment review has been done for the amounts held on the balance sheet given the trading position of Stone Circle?</li> <li>Evidence that Stone Circle was immaterial in 2020/21 &amp; 2021/22 and therefore does not require consolidation.</li> </ul>	This information is needed to assess whether there is a misstatement in the investment value recognised and ensure the council has appropriately produced non-group accounts.

2020/21 & 2021/22	Grants	<p>A number of queries have been raised regarding grants and their presentation throughout the financial statements including:</p> <ul style="list-style-type: none"> <li>• Inconsistencies in amounts presented between the Financial and Performance Review and notes to the financial statements, including grants identified which are not shown within note 6 and the capital programme noted as being funded by grant amounts which do not agree to the notes in the financial statements;</li> <li>• Inconsistencies between primary statements and the relevant notes in relation to grant receipts in advance;</li> <li>• Collection Fund s31 grant and covid-19 business grants in Note 32 are shown as being held as earmarked reserves rather than grants received in advance in 20/21.</li> </ul>	Indicative of possible misstatements and disclosure deficiencies.
2021/22	Note 10: Officers Remuneration	A number of queries regarding the presentation of amounts within the officer's remuneration note, including what makes up payments and how they are calculated.	Indicative of possible disclosure deficiencies.
2021/22	Primary Statements & Notes to the Accounts	<p>Analytical Review Queries: A number of queries were raised regarding understanding the reasons for movements in balances</p> <ul style="list-style-type: none"> <li>• Income &amp; Expenditure for the following lines in the CIES – Living &amp; Ageing Well, Procurement &amp; Commissioning, Corporate Directors &amp; Members, Corporate including why there is negative expenditure and positive income;</li> <li>• Significant decreases in other local authorities, government departments and sundry creditor balances in Note 28;</li> <li>• Increase/ decrease in creditors within the cashflow seems low considering the size of the movement in creditors on the balance sheet;</li> <li>• Large increase in property valuation;</li> <li>• Explanation for the repayment of grant line in the CIES;</li> <li>• Depreciation, amortisation and impairment and other services expenses in note 1b;</li> <li>• Amount by which non-domestic rate income credited to the CIES is difference from income calculated in accordance with statutory requirements per note 14;</li> <li>• The makeup of the corporate adjustments for capital purposes balance in Note 13.</li> </ul>	These queries are to ensure we have a full understanding of the reasons for significant movements in balances throughout the accounts as large unexplained movements can be indicative of additional risks and possible misstatements.
2021/22	Note 11: External Audit Fees	This note identified an additional fee for 20/21 of £100k which we are not aware of. We have reported this as a disclosure deficiency.	This could indicate a misstatement in the audit fees disclosed.
2021/22	Cashflow Statement	The cashflow notes that it is consolidated however it is not clear what has been consolidated.	This could indicate a consolidation of which we are unaware.
2021/22	Primary Statements & Notes to the Accounts	In certain places we identified possible restatements of 20/21 balances which did not include explanations, for example Note 14.	This could indicate misstatements with restatements of amounts.
2021/22	Note 14 Adjustments between accounting basis and funding basis	We requested a reconciliation of the balances in the note to the fixed asset note.	This could indicate disclosure deficiencies if these balances cannot be reconciled.
2021/22	Note 25 Assets Held for Sale	Has an assessment been done to assess the held for sale items from 2020/21 that did not sell to determine if it is correct to continue to hold them as held for sale.	This indicates a possible misstatement.
2021/22	Note 30 Financial Instruments	What is the principal of £10m disclosed for long term investments.	This could indicate an additional risk of misstatement.
2021/22	Housing Revenue Account	The second paragraph of disclosures states that the vacant possession value of the properties was £1012.051 billion which appears incorrect.	This indicates a possible misstatement.