Coventry City Council

To all Members of the Audit and Procurement Committee

27th November, 2020
Our ref: C/MR

**Please contact Michelle Rose**
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Dear Member,

**Supplementary Agenda – Meeting of the Audit and Procurement Committee - Monday, 30th November, 2020**

You should hopefully by now have received the agenda and documentation for the above meeting. The purpose of this letter is to advise you of an additional item for consideration at that meeting.

With the agreement of the Chair (Councillor Lakha), the following report is to be considered as urgent business at the above meeting, the reason for urgency being to enable us to publish the accounts by the end of November in line with existing regulations..

**11a** **2019/20 Statement of Accounts and Audit Findings Report** (Pages 3 - 44)

Report of the Director of Finance

Report of the External Auditor (Grant Thornton)

If you have any queries, please do not hesitate to contact me on the telephone number shown above.

Yours sincerely

Michelle Rose
**Governance Services Officer**

Coventry City Council

# Public report

Audit and Procurement Committee 30 November 2020

**Name of Cabinet Member:**
Cabinet Member for Strategic Finance and Resources - Councillor Brown

**Director Approving Submission of the report:**
Director of Finance

**Ward(s) affected:**
All

**Title:**
Audited 2019/20 Statement of Accounts and Audit Findings Report

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**Is this a key decision?**
No

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**Executive Summary:**

The purpose of this report is to gain Audit & Procurement Committee's approval for the audited 2019/20 Statement of Accounts and Grant Thornton’s Audit Findings Report provided alongside the accounting statements. The Audit & Procurement Committee is approving these accounts on the Council's behalf. This follows an extension to the period of audit by Grant Thornton to 30th November in line with national regulation. The original deadline to complete and authorise the Statement of Accounts was 31st July.

**Recommendations:**

**Audit and Procurement Committee is recommended:**

1) To consider and approve the final 2019/20 Statement of Accounts.
2) To consider and accept Grant Thornton’s Audit Findings Report provided alongside the accounting statements.
3) To endorse that delegated approval be given to the Director of Finance in consultation with the Chair of Audit and Procurement Committee to agree any final changes to the Statement in the event that any of the items outstanding with the audit are not resolved before the Committee meets on 30th November;

**List of Appendices included:**

The final Statement of Accounts incorporating the agreed changes will be available prior to or at the meeting subject to any changes that may be outstanding as a result of the final stages of the audit. At the time of writing the Statement is still being finalised and will be sent under separate cover to this report.

This report is presented alongside the External Auditor's Audit Findings Report which details the key changes to the draft Statement of Accounts published on the Council’s website in June. Due to the changes required as part of the COVID-19 pandemic, the Audit and Procurement Committee did not have the opportunity to consider the draft statement at that point. The changes made to the draft statement have been agreed between Grant Thornton and the Director of Finance subject to a final audit process.

**Background Papers**

None

**Other useful documents:**

Final Accounts Working papers.

**Has it been or will it be considered by Scrutiny?:**

The Audit and Procurement Committee will consider the Statement.

**Has it been or will it be considered by any other Council Committee, Advisory Panel or other body?:**

No

**Will this report go to Council?:**

No - The Audit & Procurement Committee is approving the City Council's Statement of Accounts on the Council’s behalf.

**Report title:** Audited 2019/20 Statement of Accounts

## 1. Context (or background)

1.1 In recent years, the Accounts and Audit Regulations 2015 have required the Council to publish its draft Statement of Accounts by 31st May and to approve and publish its audited accounts by 31st July. In the light of events this year, the Government passed the Accounts and Audit (Coronavirus)(Amendment) Regulations 2020 which have the effect of needing draft accounts to be published by 31st August and the final statement audited and published by 30th November.

1.2 Responsibility for approving the Council's Statements has been given to the Audit & Procurement Committee, which has become the key body in respect of understanding, analysing and discussing the content of these statements.

1.3 The Council published its draft statement on 26th June, two months before the statutory deadline. As a change to previous years and due to the unusual circumstances caused by the COVID-19 pandemic, the decision was taken for the draft accounts to not be considered by Audit & Procurement Committee. Instead the decision has been taken for the Committee to consider the final audited statement alongside the external auditor's Audit Findings Report.

1.4 Notwithstanding the extended timescales for completing the accounts and the external audit review, there have been delays to the audit process this year. This has been down to a variety of factors including: practical issues with undertaking audit work in a 'virtual' way; additional work required of the auditors including that insisted upon by the Financial Reporting Council in relation to the valuation of Property, Plant and Equipment; well publicised pressure on the auditing sector which have been outlined in the recent Redmond Review; and delays elsewhere in the process, for instance in the completion of pension fund accounts and those of the Council's companies. As a result, there remains a possibility (at time of writing) that a small number of issues may require resolution after the Audit and Procurement Committee has met. In line with common practice elsewhere, the proposal in this report is that any such issues are approved by the Director of Finance in consultation with the Chair of Audit and Procurement Committee under the delegated approval of the Committee.

## 2. Options considered and recommended proposal

2.1 This report is presented alongside the Audit Findings Report of the Council's external auditors Grant Thornton which details any significant changes to the draft accounts published in June. These changes have been agreed between Grant Thornton and the Director of Finance. This report includes recommendations to approve the accounts and to accept the Audit Findings Report which will be presented by Grant Thornton alongside the Statement of Accounts. The Audit and Procurement Committee is being recommended to approve the Statement of Accounts and endorse the Audit Findings Report

2.2 The Committee is also recommended to give delegated approval to the Director of Finance in consultation with the Chair of Audit and Procurement Committee to agree any final changes to the Statement in the event that any of the items outstanding with the audit are not resolved before the Committee meets on 30th November.

2.3 A decision not to agree these recommendations would result in delays to the Council having an approved accounting statement beyond the statutory deadline.

**Report author(s):**

**Name and job title:**
Paul Jennings, Finance Manager (Corporate Finance)

**Service:**
Finance

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Enquiries should be directed to the above person.

| Contributor/approver name | Title | Service | Date doc sent out | Date response received or approved |
|---|---|---|---|---|
| **Contributors:** | | | | |
| Michelle Salmon | Governance Services Officer | Law and Governance | 19/11/20 | 19/11/20 |
| **Names of approvers for submission:**<br>(Officers and Members) | | | | |
| Carol Bradford | Corporate Governance Lawyer – Legal Services | Law and Governance | 19/11/20 | 20/11/20 |
| Barry Hastie | Director of Finance | Finance | 19/11/20 | 19/11/20 |

This report is published on the council's website: www.coventry.gov.uk/meetings

# The Audit Findings for Coventry City Council

Year ended 31 March 2020

30 November 2020

# Contents

**Your key Grant Thornton team members are:**

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

# Headlines

This table summarises the key findings and other matters arising from the statutory audit of Coventry City Council ('the Council') and the preparation of the group and Council's financial statements for the year ended 31 March 2020 for those charged with governance.

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**Covid-19**

The outbreak of the Covid-19 coronavirus pandemic has had a significant impact on the normal operations of the group and Council . The Council has implemented government guidance and had to look at alternate ways in which it delivers services with many of the workforce working remotely from the Council Offices for the foreseeable future.

Authorities are still required to prepare financial statements in accordance with the relevant accounting standards and the CIPFA Code of Practice, albeit to an extended deadline for the preparation of the financial statements up to 31 August 2020 and the date for audited financials statements to 30 November 2020.

We updated our audit risk assessment to consider the impact of the pandemic on our audit and issued an audit plan addendum on 29 April 2020. In that addendum we reported an additional financial statement risk in respect of Covid -19 and highlighted the impact on our VfM approach. Further detail is set out on page 6.

The Council were able to produce a first draft of the group financial statements dated 26 June 2020, which was in line with revised government guidance given the impact of Covid-19.

Restrictions for non-essential travel has meant both Council and audit staff have had to carry out the financial statements away from the Council offices. This has changed the way in which the audit team have accessed the financial systems, interacted with the Council staff via virtual calls and use of remote file sharing software to share information, including increased testing on information provided by the entity.

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**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 group and Council's financial statements:

- give a true and fair view of the financial position of the group and Council and the group and Council's income and expenditure for the year; and
- have been properly prepared in accordance with the CIPFA/LASAAC code of practice on local Council 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 on site/remotely during July-November . Our findings are summarised from page 6 onwards. We have identified adjustments to the financial statements that have resulted in adjustment to both in year and prior year balances, the adjustments are detailed in Appendix B. Our follow up of recommendations from the prior year's audit are detailed in Appendix A.

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;

- receipt of assurance confirmations from component auditors of Tom White Waste Limited and Coombe Abbey Park Limited
- 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.

# Headlines

**Financial Statements**

Our anticipated audit report opinion will be unqualified including an Emphasis of Matter paragraph, highlighting

- PPE valuation material uncertainties – the valuer has indicated that due to Covid-19 that there are uncertainties in their valuation of land, buildings and investment properties
- Pensions PPE valuation – as above the pension funds valuer has indicated that due to Covid-19 that there are uncertainties in their valuation of investment property.

The other key issues identified by our work were:

- Our audit testing in 2019/20 identified that there were some errors in the valuation of assets in 2018/19. The Council has made prior period adjustments which will result in the increase of Investment Properties by £9.1m and an increase in operational assets of £11m and further adjustments detailed in appendix B to 2019/20.
- In 2018/19 the Council applied the fair value through OCI designation to investments in collective investment vehicles such as the CCLA Property Fund. We do not consider that investments in collective investment vehicles qualify for the election under IFRS 9 to be designated as fair value through other comprehensive income (FVOCI). The Council have revised their accounting treatment with any movement on the valuation of the funds now shown as Fair Value Through Profit and Loss (FVTPL). There is no impact on the overall position of the General Fund for 2018/19 or 2019/20.
- In March 2020 the Council purchased Tom White Waste Limited for £14.6m. The Council did not instruct a valuation as at the balance sheet date for its investment in Tom White Waste and therefore the asset is held at its purchase valuation. We consider that this is an uncertainty in the Council’s accounts
- The Business Rates provision has increased in 2019/20 to £14.8m. We have reviewed the provision. In forming the estimate the Council has used its history of liability movements during the previous revaluation cycle (2010-2017). We note that the average liability movement between 2010 to 2017 was 4.8%. This compares to an average appeals rate of 4% between 2013-14 to 2016-17. We estimate that if the Council used the lower rate that the provision would be c £2.9m less. We consider that the provision is overstated by this amount. We note that the Council has opted to make provisions for 2017-18 to 2019-20. It has received a low level of appeals with respect to these years but considers that these appeals are likely to occur. We do not consider that this decision is unreasonable but have agreed additional disclosure in the financial statements to explain the Council’s judgement.
- We reviewed the credit loss allowance with regard to other debtors. We identified that unprovided for debt over 150 days is c.£2.2m. We consider that there is a risk in collecting old debt especially due to the impact of Covid-19. Officers have confirmed that they are satisfied that any loss would be covered through the overall credit loss allowance provision. We have requested that the Council review this debt in more detail in advance of the 2020/21 audit.
- The Council applies a £5,000 threshold for its consideration of accruals. We identified 3 expenditure items below the threshold of £5,000 that had been posted to periods 1,4 & 7 of 2019/20 when they related to 2018/19 expenditure. We are satisfied that the Council have applied its de minimis policy, however, on the basis of the sample tested we identified an extrapolated error of c.£5m of expenditure recognition between years. The accrual policy has not changed for a number of years and its application would mean that these timing errors would be offset in the next financial year. While this is not material the Council should note the potential impact of its accruals de minimis policy.
- Our assessment of the Council’s journal control environment has found that journals posted do not have to be authorised and the Council rely on access control and budgetary control to prevent and identify any unusual journals. We see this as a weakness in the control environment. The testing of journals has not identified any instances of management override of control.
- We note that the Council’s subsidiary, Coombe Abbey, was operating at significant losses of £354,000 up to the year ending 31 March 2020. The impact of Covid-19 has had a further significant impact on the trading of the subsidiary. We are awaiting assurances from the component auditor of this subsidary
- We note that the Council has an investment in Birmingham Airport. The trading conditions for the Airport are uncertain and we note that the valuation of the Council’s investment reduced from £29.3m in 2018/19 to £17.9m in 2019/20. It is possible that the value will have reduced further in 2020/21. The Council alongside the other 6 West Midlands authorities has stated its intention to engage in discussion with the Airport with regards to providing tangible support to the Airport should this be required. The Council have made additional disclosure on these matters in note 3.36 to the accounts.

# Headlines

This table summarises the key findings and other matters arising from the statutory audit of Coventry City Council ('the Council') and the preparation of the group and Council's financial statements for the year ended 31 March 2020 for those charged with governance.

| | | |
|---|---|---|
| **Value for Money arrangements** | Under the National Audit Office (NAO) Code of Audit Practice ('the Code'), we are required to report if, in our opinion, the Council has made proper arrangements to secure economy, efficiency and effectiveness in its use of resources ('the value for money (VFM) conclusion'). | We have completed our risk based review of the Council's value for money arrangements. We have concluded that Coventry City Council has proper arrangements to secure economy, efficiency and effectiveness in its use of resources.<br>We have updated our VfM risk assessment to document our understanding of your arrangements to ensure critical business continuity in the current environment. We have not identified any new VfM risks in relation to Covid-19,<br>We therefore anticipate issuing an unqualified value for money conclusion. Our findings are summarised on pages 22 to 25. |
| **Statutory duties** | The Local Audit and Accountability Act 2014 ('the Act') also requires us to:<br>• report to you if we have applied any of the additional powers and duties ascribed to us under the Act; and<br>• To certify the closure of the audit. | We have not exercised any of our additional statutory powers or duties.<br>We have completed the majority of work under the Code but are unable to issue our completion certificate until we complete our audit of whole of government accounts (WGA). |

## Acknowledgements

We would like to take this opportunity to record our appreciation for the assistance and timely collaboration provided by the finance team and other staff during these unprecedented times.

# Audit approach

### 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 group's business and is risk based, and in particular included:

- An evaluation of the group's internal controls environment, including its IT systems and controls;
- An evaluation of the components of the group based on a measure of materiality considering each as a percentage of the group's gross revenue expenditure to assess the significance of the component and to determine the planned audit response. From this evaluation we determined that specified audit procedures were required by for
  - Coventry and Solihull Waste Disposal Company – audited by Ernst and Young LLP
  - Tom White Waste Ltd - audited by Azets UK
  - Coombe Abbey Ltd – audit by RSM UK Audit LLP

### Audit approach (continued)

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

We have had to alter our audit plan, as communicated to you on 29 April 20220, to reflect our response to the Covid-19 pandemic. We have included a significant risk in relation to Covid-19 see page 6 for the procedures carried out.

### Conclusion

We have substantially completed our audit of your financial statements and subject to outstanding queries being resolved, we anticipate issuing an unqualified audit opinion following the Committee meeting on 30 November 2020. These outstanding items are highlighted on page 3 of the report.

### 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.

We have revised the performance materiality percentage based on draft financial statements produced by the Council for the year ending 31 March 2020.

| | Group Amount (£) | Council Amount (£) | Qualitative factors considered |
|---|---|---|---|
| Materiality for the financial statements | 12,600,000 | 12,400,000 | The materiality has been based on 1.5% gross expenditure. |
| Performance materiality | 9,450,000 | 9,300,000 | We have based performance materiality as 75% of the Council's materiality |
| Trivial matters | 600,000 | 600,000 | We have assessed materiality as 5% of the Council's materiality |
| Materiality for Senior Officer Remuneration | n/a | 100,000 | We believe these disclosures are of specific interest to readers of the accounts and therefore applied a specific materiality, |

# Significant audit risks

| Risks identified in our Audit Plan | Auditor commentary |
|---|---|
| **Covid– 19 (Group and Council)** | We have:<br>• 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 on 26 June 2020<br>• 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 groups' property valuation expert<br>• evaluated the adequacy of the disclosures in the financial statements that arose in light of the Covid-19 pandemic<br>• evaluated whether sufficient audit evidence could be obtained through remote technology<br>• evaluated whether sufficient audit evidence could be obtained to corroborate significant management estimates such as assets and the pension fund liability valuations<br>• evaluated management's assumptions that underpin the revised financial forecasts and the impact on management's going concern assessment<br>• discussed with management the implications for our audit report where we have been unable to obtain sufficient audit evidence<br>• engaged the use of auditor experts for asset valuation<br>From the audit work carried out we are satisfied that the Council were adequately able to adapt the pressures of Covid19 in producing financial statements to revised timetables and were able to work with the audit team to deliver the group audit. |
| **Management override of controls (Group and Council)** | We have:<br>• evaluated the design effectiveness of management controls over journals<br>• analysed the journals listing and determined criteria for selecting high risk unusual journals<br>• tested unusual journals recorded during the year and after the draft accounts stage for appropriateness and corroboration<br>• gained an understanding of the accounting estimates and critical judgements applied made by management and consider their reasonableness with regard to corroborative evidence<br>• evaluated the rationale for any changes in accounting policies, estimates or significant unusual transactions.<br>Our assessment of the Council's journal control environment has found that journals posted do not have to be authorised and the Council rely on access control and budgetary control to prevent and identify any unusual journals. We see this as a weakness in the control environment and this was factored into our substantive testing of journals. The testing of journals has not identified any instances of management override of control.<br>We have reviewed the application of a number of accounting policies and estimates as part of our audit procedures and have not identified any instances of management override of control. |

# Significant audit risks

| Risks identified in our Audit Plan | Auditor commentary |
|---|---|
| **Valuation of Other land and buildings** | We have:<br>• evaluated management's processes and assumptions for the calculation of the estimate, the instructions issued to valuation experts and the scope of their work<br>• evaluated the competence, capabilities and objectivity of the valuation expert used by the Council<br>• corresponded with the valuer to confirm the basis on which the valuation was carried out<br>• challenged the information and assumptions used by the valuer to assess completeness and consistency with our understanding<br>• engaged our own valuer Montagu Evans to assess the instructions to the Council's valuer, the Council's valuer's report and the assumptions that underpin the valuation.<br>• tested revaluations made during the year to see if they had been input correctly into the Council and group asset register<br>• evaluated the assumptions made by management for those assets not revalued during the year and how management has satisfied themselves that these are not materially different to current value at year end.<br>Our audit testing has identified that there were a number of assets in 2018/19 that were not valued correctly and as a result the Council have relooked at these valuations and made a prior period adjustment. See appendix C for more details.<br>See page 12 for significant findings on key estimates and judgements. As reported on page 12 we will include an emphasis of matter in our audit opinion as a result of the material uncertainty reported in the asset valuation report as at 31 March 2020. |
| **Valuation of Investment Properties** | We have:<br>• evaluated management's processes and assumptions for the calculation of the estimate, the instructions issued to valuation experts and the scope of their work<br>• evaluated the competence, capabilities and objectivity of the valuation expert<br>• corresponded with the valuer to confirm the basis on which the valuation was carried out<br>• challenged the information and assumptions used by the valuer to assess completeness and consistency with our understanding<br>• engaged our own valuer to assess the instructions to the Council's valuer, the Council's valuer's report and the assumptions that underpin the valuation.<br>• tested revaluations made during the year to see if they had been input correctly into the Council and group asset register<br>• evaluated the assumptions made by management for those assets not revalued during the year and how management has satisfied themselves that these are not materially different to current value at year end.<br>Our audit testing has identified that there were a number of assets in 2018/19 were not valued correctly and as a result the Council have relooked at these valuations and made prior period adjustment. See appendix C for more details.<br>See page 14, as in prior years, we have reported the Council's approach to the valuation of investment properties, which is not fully compliant with IAS 40 and the CIPFA code. |

# Significant audit risks

| Risks identified in our Audit Plan | Auditor commentary |
|---|---|
| **Valuation of pension fund net liability** | We have:<br>• updated our understanding of the processes and controls put in place by management to ensure that the Council's pension fund net liability is not materially misstated and evaluate the design of the associated controls;<br>• evaluated the instructions issued by management to their management expert (an actuary) for this estimate and the scope of the actuary's work;<br>• assessed the competence, capabilities and objectivity of the actuary who carried out the Council's pension fund valuation;<br>• assessed the accuracy and completeness of the information provided by the Council to the actuary to estimate the liability;<br>• 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;<br>• 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<br>• obtained assurances from the auditor of West Midlands Pension Fund as to the controls surrounding the validity and accuracy of membership data; contributions data and benefits data sent to the actuary by the pension fund and the fund assets valuation in the pension fund financial statements.<br>See page 13 for significant findings on key estimates and judgements. As reported on page 13 we will include an emphasis of matter in our audit opinion as a result of the material uncertainty reported in the West Midlands Pension Fund financial statements for the year ending 31 March 2020. |
| **Improper revenue recognition (Group and Council)** | We rebutted the risk of improper revenue recognition for all revenue streams for the Council and the Group in the audit plan and our assessment has not changed during the course of the audit. |

# Significant findings arising from the group audit

| Component | Component auditor | Findings | Group audit impact |
|---|---|---|---|
| **Coventry and Solihull Waste Disposal Company** | Ernst and Young LLP | An unqualified audit opinion of Coventry and Solihull Waste Disposal Company was issued by Ernst and Young LLP on 6 July 2020. No significant issues were identified. | Sufficient assurance obtained for the Group Audit. |
| **Coombe Abbey Limited** | RSM UK Audit LLP | We are awaiting assurance confirmation from the component auditor who are currently completing their audit procedures | TBC<br>We have noted that the subsidiary was operating at significant losses of £354,000 up to the year ending 31 March 2020. The impact of Covid-19 will have a further significant impact on the trading of the subsidiary in 2020-21. |
| **Tom White Waste Limited** | Azets UK | We are awaiting assurance confirmation from the component auditor who are currently completing their audit procedures | TBC |

# Significant findings – key estimates and judgements

| Accounting area | Summary of management's policy | Auditor commentary | Assessment |
|---|---|---|---|
| **Provisions for Business Rate Appeals - £14.7m** | The Local Government Finance Act 2012 introduced a business rates retention scheme that enables local authorities to retain a proportion of the business rates generated in their area. One of the implications for this is that the Council is required to make provisions for refunding ratepayers who successfully appeal against the rateable value of their properties including amounts relating to 2019/20 and earlier financial years although the amount and timing of future payments are uncertain. The provision has increased by £6.2m from the prior year. | The Business Rates provision has increased in 2019/20 to £14.8m. We have reviewed the provision. In forming the estimate the Council has used its history of liability movements during the previous revaluation cycle (2010-2017). We note that the average liability movement between 2010 to 2017 was 4.8%. This compares to an average appeals rate of 4% between 2013-14 to 2016-17. We estimate that if the Council used the lower rate that the provision would be c £2.9m less.  We consider that the provision is overstated by this amount.<br>We note that the Council has opted to make provisions for 2017-18 to 2019-20. It has received a low level of appeals with respect to these years but considers that these appeals are likely to occur. We do not consider that this decision is unreasonable but have agreed additional disclosure in the financial statements to explain the Council's judgement<br>We note that the Council's estimate is prudent. | ● |

**Assessment**

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

# Significant findings – key estimates and judgements

| Accounting area | Summary of management's policy | Auditor commentary | Assessment |
|---|---|---|---|
| **Land and Buildings – Other - £477m** | Other land and buildings comprises £396m of specialised assets such as schools and libraries, which are required to be valued at depreciated replacement cost (DRC) at year end, reflecting the cost of a modern equivalent asset necessary to deliver the same service provision. The remainder of other land and buildings £81m are not specialised in nature and are required to be valued at existing use in value (EUV) at year end. The Council has engaged its internal valuation team to complete the valuation of properties as at 31 March 2020 on a five yearly cyclical basis. 61% of total assets were revalued during 2019/20.<br>In line with RICS guidance, the Council's valuer disclosed a material uncertainty in the valuation of the Council's land and buildings at 31 March 2020 as a result of Covid-19. The Council has included disclosures on this issue in Note 5.2.<br>The valuation of properties valued by the valuer has resulted in a net decrease of £19m. Management have considered the year end value of non-valued properties, and the potential valuation change in the assets revalued at 1 January 2020, by applying indices to determine whether there has been a material change in the total value of these properties. Management's assessment of assets not revalued has identified no material change to the properties values. | Revaluation of Land and Buildings is undertaken within a 5 year rolling programme and is undertaken by qualified Council staff in accordance with the "Royal Institute of Chartered Surveyors Appraisal and Valuation Manual". The valuer will also undertake a review to determine whether the carrying amount of other assets, not due for valuation as part of the rolling programme, is consistent with their current value.<br>We have carried out a reasonable check of all other land and building asset valuations carried to Gerald Eve market indexation rates for the year and we are satisfied that the carrying amounts shown in the balance sheet are not materially misstated.<br>We have challenged the asset valuations as part of our audit testing strategy and have noted a number of adjustments required for both 2019/20 valuations and 2018/19 valuations, which has resulted in a prior period adjustment. The key areas where we found errors include<br>• School asset not being componentized in line with guidance, which has resulted in both an in year and prior period adjustment<br>• Valuation of a number of school assets where there have been a number of input errors in the valuation model<br>• Incorrect use of PAN numbers in school asset valuation<br>• Asset valuations which included double counting of stamp duty in their valuation.<br>Our audit testing identified errors in the valuation of assets in 2018/19. The Council has made prior period adjustments which will result in the increase in operational assets of £11m. Full details of the errors and the adjustments required are detailed in Appendix C of the report.<br>Our audit testing of School land valuation noted that the sales data which the valuer had determined current plot values on was based on sales data in the range of 2015-19, which we did not consider as up to date information. We consulted our auditor expert Montagu Evans and have determined in the absence of other actual data, the use of previous transaction data is not unreasonable, given that Coventry is a small city with limited land available.<br>Our audit testing of managements valuation assessment of assets not valued in the year have given us assurance that these assets are not materially misstated.<br>As a result of the material uncertainty raised by the valuer in the valuation report, and the disclosure by the Council in Note 5.2, we will raise an emphasis of matter in our audit opinion. | ●<br>As errors have been identified in prior year valuations |

# Significant findings – key estimates and judgements

**Accounting area** | **Summary of management's policy** | **Auditor commentary** | **Assessment**

**Net pension liability – £573m**

The Council's net pension liability at 31 March 2020 is £573m (PY £554m) comprising the West Midlands Pension Fund, and unfunded defined benefit pension scheme obligations. The Council uses Barnett Waddingham. to provide actuarial valuations of the Council's assets and liabilities derived from these schemes. A full actuarial valuation is required every three years.

The Council's actuary disclosed a material uncertainty in the valuation of the Council's pension fund liability at 31 March 2020 as a result of Covid-19. The Council has included disclosures on this issue in Note 5.2

The latest full actuarial valuation was completed in 2019. A roll forward approach is used in intervening periods which utilises key assumptions such as life expectancy ,discount rates ,salary growth and investment return .Given the significant value of the net pension fund liability, small changes in assumptions can result in significant valuation movements. There has been a £59m net actuarial loss during 2019/20.

- Barnett Waddingham, an external actuary firm, provide actuarial advice to the Council via the West Midlands Pension Fund. As such, this involves providing the Council with an actuarial valuation of the pension expense calculations. The scope of the work is to undertake pension expense calculations, as instructed by the Administering Council, for the Council, for the purposes of complying with IAS 19 (Employee Benefits) for the accounting period.
- PwC are employed by the NAO on behalf of external audit suppliers to local government to provide support to auditors when assessing the competence and objectivity of actuaries producing IAS 19 figures in respect of the Local Government Pension Scheme (LGPS). Barnett Waddington have carried out a roll forward approach from previous actuarial valuation to allocate assets and liabilities between employers at a triennial valuation.

| Assumption | Actuary Value | PwC range | Assessment |
|---|---|---|---|
| Discount rate | 2.35 | 2.35 | ● |
| Pension increase rate | 1.90 | 1.85 to 1.95 | ● |
| Salary growth | 2.90 | 2.85 to 2.95 | ● |
| Life expectancy – Males currently aged 45 / 65 | 23.8 | 22.8 to 24.7 | ● |
| Life expectancy – Females currently aged 45 / 65 | 26.0 | 25.2 to 26.2 | ● |

- The auditor of West Midlands Pension Fund has reported an emphasis of matter in their audit opinion as result of material uncertainty over valuations reported by the pension fund on level 3 investments. Given Coventry City Council's share in the asset base of the pension fund we have agreed with the Council that they will include a material uncertainty in regards to this in their financial statements and we will include an emphasis of matter in our audit opinion.

●

**Assessment**

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

# Significant findings – key estimates and judgements

| Accounting area | Summary of management's policy | Auditor commentary | Assessment |
|---|---|---|---|
| **Level 2/3 investments** | The Council have disclosed a number of financial instruments included shareholdings in unlisted companies<br>• Birmingham Airport Holdings Ltd<br>• Coventry Solihull Waste Disposal Company<br>• Coombe Abbey Park Ltd,<br>• Friargate Joint Venture Project Limited<br>• North Coventry Holdings Limited<br>• Coventry North Regeneration<br>• University of Warwick Science Park Innovation Centre Ltd<br>• UK Battery Industrialisation Centre Limited<br>• Tom White Waste Ltd<br>These financial instruments are not traded on an open exchange/market and the valuation of the investment is subjective. | • Financial Instruments except for those at amortised costs, are carried on the Balance Sheet at fair value. For most of these assets this is based on the market price.<br>• Our audit testing has confirmed that the classification of investments at either level 2 or 3 are in line with our expectations and the Council have correctly applied the fair value hierarchy assumptions when making these decisions.<br>• The Council have appropriately relied on the valuations carried out by their treasury advisors, Arlingclose, and other experts when disclosing these amounts in the financial statements.<br>• As in prior years we have engaged our specialist internal valuation team to look at the valuation of Coventry Solihull Waste Disposal Company and Birmingham Airport Holdings Ltd and Coombe Abbey Park Ltd. They have provided the audit team with assurances that the valuation of these investments are not materially misstated in the Council's financial statements.<br>• We noted an error in the disclosure of the fair value of borrowings held with other local authorities which has resulted an increase in the fair value by £22m. The Council have agreed to adjust the financial instruments note to reflect the correct value. | 🟢 |
| **Investment Properties-£222m** | The Council holds a range of investment properties which comprise of commercial, office units, agriculture, residential and other assets.<br>The assets are included in the balance sheet are at fair value, of which the 50 with the highest values are valued annually and the remainder at least every 3 years.<br>For Investment Property, valuations decrease are recognised in Surplus or Deficit on the Provision of Services. | • The Council have revalued over 80% of the their total asset base. We consider that all Investment Properties should be revalued annually.The remaining assets that have not been revalued the Council have been subject to a review to ensure that here have been no material changes to their value in accordance with IAS 40 and the CIPFA Code. We are satisfied that the valuation of these assets means that the remaining assets which have not been revalued will not result in a material misstatement.<br>• Our audit testing identified for 2018/19 valuations the valuers had deducted costs from the valuation which is contra to RICS and CIPFA Code requirements, which has resulted in a Prior Period Adjustment – see Appendix C for full details. As a result, the Council has made prior period adjustments which will result in the increase of Investment Properties by £9.1m.<br>• We have reviewed the asset valuation of UK BIC and found that the asset valuation was overstated by c£9m. The Council have adjusted their financial statements for this see Appendix C for full details.<br>• As noted on pg 12 there is a material uncertainty in the valuers report as a result of RICS guidance which has raised a valuation alert in relation to Coivd-19 which the Council have disclosed in the material uncertainties note in their financial statement. As a result we will raise an emphasis of matter in our audit opinion. | 🟡<br>As not all properties are revalued annually and errors have been identified in prior year valuations |

# Significant findings – Investments

| Accounting area | Auditor commentary | Assessment |
|---|---|---|
| **Investment valuation** | We note that the Council has an investment in Birmingham Airport. The trading conditions for the Airport are uncertain and we note that the valuation of the Council's investment reduced from £29.3m in 2018/19 to £17.9m in 2020/21. It is possible that the value will have reduced further in 2020/21. The Council alongside the other 6 West Midlands authorities has stated its intention to engage in discussion with the Airport with regards to providing tangible support to the Airport should this be required. The Council have made additional disclosure on these matters in note 3.36 to the accounts.<br>Should any significant additional funding be required, the Council will need to undertake appropriate due diligence prior to proceeding. | 🟢 |
| **Investment valuation** | CSWDC- IFRS valuation of plant - We noted that an IFRS revaluation had been obtained as at 1st April 2019, but this has not been accounted for by the Council, who are recognising the value based on a 2014 valuation. We informed the Council of the updated valuation, and they are to make the following amendments, which we have reviewed and agree with:<br>Cr Investment in Associates and Joint Ventures £1.956m<br>Dr Unusable reserves £1.956m<br>The 1st April valuation also indicates an unadjusted prior period error on the carrying value at 31st March 2019. The impact above should have been accounted for in 2018/19. As this is not material we agree that an in-year audit adjustment is instead appropriate. | 🟡 |
| **Investment valuation** | Tom White Waste- IFRS valuation of land & buildings. The Council did not instruct a valuation as at the balance sheet date. We requested a valuation but this was declined. The Council have held the investment in their accounts as £14.6m in line with purchase share holding.<br>The carrying value of the assets in the accounts is £6.3m for the company. This is as per the company's balance sheet. We obtained the BDO valuation report which states "2.38 We have assumed that the market value of the freehold land and buildings is not substantially different from the carrying value recorded in the accounts of TWW." We consider that this does not provide assurance over the fair value of the land and buildings as the TWW accounts carry the balance at depreciated historical cost. We therefore consider that this is an uncertainty in the Council's accounts<br>We consider that the Council should revalue these assets on an annual basis. | 🟡 |

**Assessment**

- 🔴 We disagree with the estimation process or judgements that underpin the estimate and consider the estimate to be potentially materially misstated
- 🟠 We consider the estimate is unlikely to be materially misstated however management's estimation process contains assumptions we consider optimistic
- 🟡 We consider the estimate is unlikely to be materially misstated however management's estimation process contains assumptions we consider cautious
- 🟢 We consider management's process and key assumptions to be reasonable

# Significant findings – Investments

| Accounting area | Auditor commentary | Assessment |
|---|---|---|
| **Investment valuation** | Friargate Joint Venture Partnership Limited - The Council have a 50 per cent share in this partnership but did not request a valuation of the company as at the balance sheet date. We requested a valuation was completed but this was declined. The value of the company is mainly its land value. This is £20.3m accounted for at depreciated historical cost on the company's balance sheet. The Saville's valuation report was obtained and included a freehold value of the land of £20m in December 2017. We applied the Residential Development Land Index which shows a 0.4% reduction over the period. This equates to £20m x 0.4% = £80k a trivial movement. As land is the only significant element of the company valuation we are satisfied that have assurance that the valuation has not moved materially and therefore the carrying value of the long term investment is also appropriate.<br>We consider that the Council should revalue these assets on an annual basis | 🟡 |
| **Investment valuation** | Coombe Abbey Park Limited (CAPL) is a wholly owned subsidiary of the Council, which acquired 100% of the ordinary share capital of the company in December 2017. We have noted that the subsidiary was operating at significant losses of £354,000 up to the year ending 31 March 2020. The impact of Covid-19 has had a significant impact on the trading of the subsidiary. The fair value of the investment was calculated to be £11.4m in 2018/19. An updated valuation exercise in 2020 has reduced the valuation to £7.4m. The Council have used BDO to carry out the valuation. | 🟢 |

# Significant findings – Other matters

| Accounting area | Auditor commentary | Assessment |
|---|---|---|
| **Expenditure** | The Council applies a £5,000 threshold for its consideration of accruals. We identified 3 expenditure items below the threshold of £5,000 that had been posted to periods 1,4 & 7 of 2019/20 when they related to 2018/19 expenditure. We are satisfied that the Council have applied its de minimis policy, however, on the basis of the sample tested we identified an extrapolated error of c.£5m of expenditure recognition between years. The accrual policy has not changed for a number of years and its application would mean that these timing errors would be offset in the next financial year. While this is not material the Council should note the potential impact of its accruals de minimis policy. | 🟡 |
| **Credit loss allowances** | We reviewed the credit loss allowance with regard to other debtors. We identified that unprovided for debt over 150 days is c.£2.2m. Approximately £400,000 of this debt has been collected. The remainder relates to older people community debt (£1m) and £800,000 relates to other sundry debts. We consider that there is a risk in collecting old debt especially due to the impact of Covid-19. Officers have confirmed that they are satisfied that any loss would be covered through the overall credit loss allowance provision. We have requested that the Council review this debt in more detail in advance of the 2020/21 audit. | 🟡 |
| **Provisions** | We reviewed the Council's business rates contingent liability. The Council have disclosed a liability at £25m compared to auditor estimated costs of £27.3m. We are satisfied that the disclosure of contingent liability is reasonable and is not materially misstated. | 🟢 |
| **Disposals** | The Council derecognised a waste reduction asset (£1.152m) in year. This asset should have been derecognised several years ago due to being let on a finance lease but was only derecognised in 2019/20. We reviewed leases for other similar items and identified there were no other leases which should have been derecognised in the year. We consider that the 2019/20 accounts are fairly stated. The impact on 2018/19 is not material. | 🟢 |
| **PPE opening assets** | Our testing of community assets identified that University Square (£1.2m) is not owned by the Council but is recorded on its balance sheet. We have raised the error with the Council who will adjust the financial statements to remove the asset from their financial statements. This has resulted in an in year adjustment. | 🟢 |

**Assessment**

- 🔴 We disagree with the estimation process or judgements that underpin the estimate and consider the estimate to be potentially materially misstated
- 🟠 We consider the estimate is unlikely to be materially misstated however management's estimation process contains assumptions we consider optimistic
- 🟡 We consider the estimate is unlikely to be materially misstated however management's estimation process contains assumptions we consider cautious
- 🟢 We consider management's process and key assumptions to be reasonable

# Going concern

### 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).

### Going concern commentary

| Management's assessment process | Auditor commentary |
|---|---|
| Management have carried out a written assessment which confirms:<br>• The Council have taken into account the impact of Covid-19 and other events in their assessment of Going Concern are satisfied that there is no material uncertainty to cast significant doubt on the Council's ability to continue as a going concern. This extends but is not limited to at least twelve months from the Balance Sheet date.<br>• There assessment carried out in regards to estimations of budgets and the adequacy of reserves and therefore monitor any risks over going concern.<br>• Review of going concern considerations of the subsidiaries of the Council | CIPFA Code of Practice 2019/20 Code para 3.4.2.23 states "Local authorities that can only be discontinued under statutory prescription shall prepare their financial statements on a going concern basis of accounting; that is, the financial statements shall be prepared on the assumption that the functions of the Council will continue in operational existence for the foreseeable future".<br>The presumption in local government is that the going concern assumption does apply unless there is specific evidence to the contrary from factors such as:<br>- announcement to wind up the Council<br>- failure to set a balanced budget<br>- external assessment concludes unsustainable<br>- financial plans show unable to meet obligations for foreseeable future<br>- significant doubts over forward financial planning arrangements.<br>The impact of the Covid-19 pandemic for the year ending 31 March 2020 has had a modest impact on the Council's operations both in terms of expenditure and income and its overall finances and the Council have generated an in-year surplus and a contribution to its reserves. However, as noted by the Council the impact of Covid-19 will have a significant impact on the Council's finances in the forthcoming year, and the Council is monitoring its financial position to keep under review any need to use reserve balances to ensure services are delivered.<br>The Council have completed an assessment of their financial position at the end of quarter 1 and given the impact of Covid-19 and anticipate after government grant funding they will have an overspend on their budget of £6.9m for the year ending 31 March 2021. As at quarter 2 there has been improvements in the financial position with revised expenditure £3.5m above budget, after applying £32.8m of emergency received or due from Government in respect of Covid-19. The current financial position shows that there is a shortfall of £0.4m within 2020/21 and this has been included as pressure at a whole-Council level.<br>The Council are satisfied that there are sufficient general fund reserves in place to meet any necessary contributions to delivery services in 2020-21 |

# Going concern

## 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).

## Going concern commentary

| Work performed | Auditor commentary |
|---|---|
| Detail audit work performed on management’s assessment | • Our audit did not identify any events or conditions which may cast significant doubt on going concern assumption.<br>• We have reviewed the estimates and assumptions made in the medium term financial plan and have deemed these to be reasonable and in line with the environment the Council work in. The Council have built in the impact of Covid- 19 into their planning which anticipates overspends on their budgets. However, given the reserves the Council has in place they will be able to draw down from reserves if required to mitigate any funding gaps in the short term.<br>• We have reviewed the work completed on Going Concern of the component auditors for Solihull Waste Disposal Company and Tom White Waste and have not noted any material uncertainty.<br>• We have reviewed the work completed on Going Concern of the component auditor of Coombe Abbey Limited and have noted that there are concerns over the entity operating as a going concern. However, we are satisfied for the Group this does not result into a material uncertainty. |
| **Concluding comments** | **Auditor commentary** |
|  | • We are satisfied that there is no material uncertainty in the operations of the Council which would effect their ability to operate as a going concern. |

# Other matters for communication

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

| Issue | Auditor commentary |
|---|---|
| **Matters in relation to fraud** | • We have previously discussed the risk of fraud with the Audit and Procurement Committee and 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 has been requested from the Group and Council. |
| **Confirmation requests from third parties** | • We requested from management permission to send confirmation request to banks and other bodies to confirm cash, borrowings and investment holdings. This permission was granted and the requests were sent and we have received all confirmations required. |
| **Disclosures** | • Our review found no material omissions in the financial statements, although we have worked with the Council to enhance some disclosures including the need for Prior Period Adjustments. |
| **Audit evidence and explanations/significant difficulties** | • All information and explanations requested from management were provided.<br>• The draft financial statements were timely, of good quality and supported by good working papers. |

# Other responsibilities under the Code

| Issue | Commentary |
|---|---|
| **Other information** | 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.<br>No inconsistencies have been identified. We plan to issue an unmodified opinion in this respect. |
| **Matters on which we report by exception** | We are required to report on a number of matters by exception:<br>• If the Annual Governance Statement does not meet the disclosure requirements set out in the CIPFA/SOLACE guidance or is misleading or inconsistent with the other information of which we are aware from our audit<br>• If we have applied any of our statutory powers or duties<br>We have nothing to report on these matters |
| **Specified procedures for Whole of Government Accounts** | 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.<br>As the Council exceeds the specified group reporting threshold we examine and report on the consistency of the WGA consolidation pack with the Council's audited financial statements.<br>Note that work is not yet complete and is planned to be completed in December 2020. |
| **Certification of the closure of the audit** | We are unable to certify the closure of the 2019/20 audit of Coventry Council in the audit opinion due to outstanding audit work on the Whole of Government Accounts. |

# Value for Money

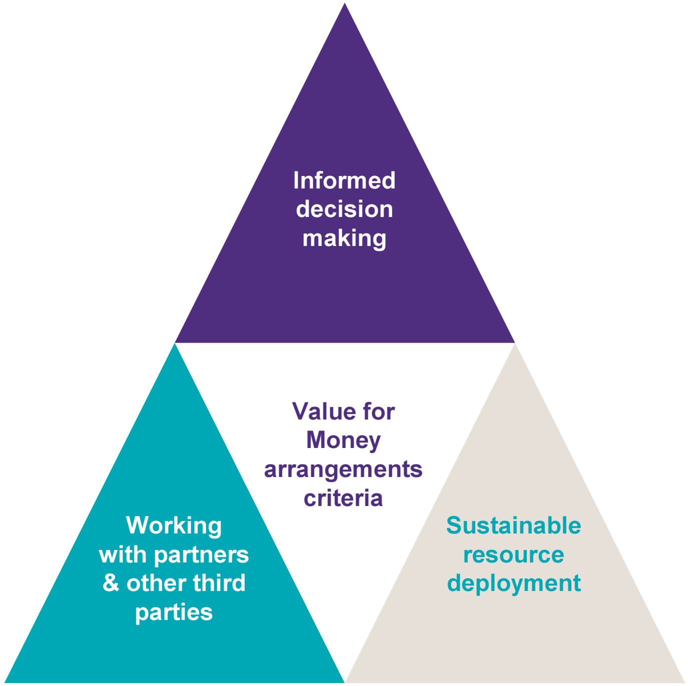
## Background to our VFM approach

We are required to satisfy ourselves that the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. This is known as the Value for Money (VFM) conclusion.

We are required to carry out sufficient work to satisfy ourselves that proper arrangements are in place at the Council. In carrying out this work, we are required to follow the NAO's Auditor Guidance Note 3 (AGN 03) issued in April 2020. AGN 03 identifies one single 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."*

This is supported by three sub-criteria, as set out below:



## Risk assessment

We carried out an initial risk assessment in January 2020 and identified a number of significant risks in respect of specific areas of proper arrangements using the guidance contained in AGN03. We communicated these risks to you in our Audit Plan dated 27 January 2020.

We have continued our review of relevant documents up to the date of giving our report, and have not identified any further significant risks where we need to perform further work.

We have not identified any new VfM risks in relation to Covid-19 given these areas were covered in our risks relation to the Medium Term Financial Sustainability and the Delivery of the Capital programme. We also considered the timing of Covid-19 and concluded that this did not have a material impact on the Council's delivery of 2019/20.

We carried out further work only in respect of the significant risks we identified from our initial and ongoing risk assessment. Where our consideration of the significant risks determined that arrangements were not operating effectively, we have used the examples of proper arrangements from AGN 03 to explain the gaps in proper arrangements that we have reported in our VFM conclusion.

# Value for Money

### Our work

AGN 03 requires us to disclose our views on significant qualitative aspects of the Council's arrangements for delivering economy, efficiency and effectiveness.

We have focused our work on the significant risks that we identified in the Council's arrangements. In arriving at our conclusion, our main considerations were:

- the Council’s capital outturn in 2019/20 against its budget
- the Council’s arrangements to monitor capital expenditure, including slippage of capital expenditure and the impact of underspends
- the Council’s capital programme for 2020/21 and its outturn as at quarter 1 and 2
- the Council’s funding profile for its capital programme
- the Council’s financial outturn for 2019/20 against its budget
- the Council’s current financial position as reported in the 2020/21 quarter 1 and 2 monitoring reports
- the Council’s financial modelling for the medium term and scenario planning

We have set out more detail on the risks we identified, the results of the work we performed, and the conclusions we drew from this work on page 19.

### Overall conclusion

Based on the work we performed to address the significant risks, we are satisfied that the Council had proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

### Significant difficulties in undertaking our work

We did not identify any significant difficulties in undertaking our work on your arrangements which we wish to draw to your attention.

### Significant matters discussed with management

There were no matters where no other evidence was available or matters of such significance to our conclusion or that we required written representation from management or those charged with governance.

# Value for Money

## Key findings

We set out below our key findings against the significant risks we identified through our initial risk assessment and further risks identified through our ongoing review of documents.

### Significant risk - Delivering the Capital Programme - Findings

The Council has an ambitious capital strategy with planned expenditure from 2019/20 to 2024/25 of approximately £940m. Given the scale of capital expenditure we have reviewed the arrangements the Council has in place to monitor the capital programme. The main controls in place include budgetary control measures and attendance of capital accountants at project delivery meetings to assess and give their view on the financial impact and progress of projects. The budget position is reported on a quarterly basis to members, which explains any slippage and budget variances.

The final capital budget for 2019/20 was £235.1m. The Council have expended £215.9m and therefore rescheduled £19.2m into 2020/21. The main capital projects which have had slippage are;

- UK Central & Connectivity – The Council have confirmed expenditure of £4m compared to a budget of £23m. This is predominately in relation to the A46 Link Road Stoneleigh Junction. The Department for Transport have approved the full business case with anticipated work to be completed by spring 2020.
- Highways, Transport and Vehicles – The Council have a number of schemes with the most notable being Clean Bus Technology and Air Quality. There is no anticipated further slippage on Clean Bus Technology but delays likely on Air Quality due to government expenditure being reprofiled.
- Whitley South Infrastructure – The Council have confirmed that the current expenditure position is £57.9m against a budget of £63.9m, with works to be completed in March 2021.

We have reviewed the Council's capital monitoring post year end and are satisfied that there has been progress on spend against these projects in both quarter 1 and quarter 2 of 2020/21. We are not aware of any cancelled projects as a result of Covid-19, but understand their has had to be rescheduling and rephasing of projects in 2020/21.

For 2020/21 a Capital Programme of £232.7m was approved in February 2020. The Capital expenditure as at the end of quarter 2 is predicted to have an outturn of £249m, an increase of £17.2m from the approved programme.

The capital programme is funded by a range of resources including Grants and Contributions £191m, Prudential Borrowing £42m, Capital receipts £11m and Revenue Contributions of £5m from the Council's funds. The contributions of funding from both Capital Receipts and Revenue Contributions are relatively modest compared to the overall sources of finances required by the Council to fund the capital programme. Given the profile of resources available to the Council the impact of the slippage in the capital programme does not have any significant revenue implications for the Council.

**Conclusion:** The Council has delivered against much of its capital programme for the year ending 31 March 2020 with an underspend of £19m which was deferred into to the 2020/21 capital programme. We are satisfied that the Council has put in place sufficient monitoring arrangements to ensure that capital programme is appropriately recorded and monitored against, and that any significant slippages, overspends or underspends are reported to members. The resourcing profile of the capital programme, which is primarily funded through Grant Contributions and Prudential Borrowing means that any slippage in capital expenditure has little impact on the Council's revenue. From the work carried out we are satisfied that there are no material weaknesses in the Council's arrangements for delivering and monitoring its capital programme.

# Value for Money

## Significant risk - Medium Term Financial Sustainability - Findings

**Financial Performance 2019-20**

The Council set a revenue budget for the year ending 31 March 2020 of £231.5m and was able to achieve a revenue outturn of £231.4m. The Council's revenue reserve balance is £90m as at 31 March 2020, an increase of £8m compared to last year. The position includes reserve contributions of £13.05m of which £7.55 relates to Covid-19 grant funding and £5.5m reflects underspent budget across the Council's bottom line.

**Financial Performance 2020-21 to date**

In February 2020, pre Covid-19 the cabinet approved a revenue budget for the Council of £238.8m.The position at quarter 1 2020/21 showed a £6.7m overspend against budget after government funding.

The impact of Covid-19 has resulted in lower than expected income in a range of services such as including land charges, highways, revenues, planning, commercial waste, parks, Adult Education, the Outdoor Education Service and other school traded services which collectively are forecast to result in a £3.7m pressure. Covid-19 has also resulted in expenditure pressures across all services. The largest of these is expected in Adult Social Care at £4.3m as a result of supporting providers with the additional costs of PPE, staffing and other related costs as well as the emergency provision of food to those shielding and in need

As at quarter 2 there have been improvements in the financial position with revised expenditure shown at £3.5m overspend against budget, after applying £32.8m of emergency received or due from Government in respect of Covid-19. This also includes £5.8m of Covid-19 related overspend on Children's services, with the increasing cost of Children's services a real concern for the Council. The quarter 2 position shows a shortfall of £0.4m within 2020/21 and this has been included as pressure at a whole-Council level. The Council are satisfied that there are sufficient general fund reserves in place to meet any necessary contributions to delivery services in 2020-21, and that appropriate arrangements are in place to achieve a balanced budget.

**Medium Term Financial Planning**

The Council are in the midst of planning for the medium term looking at financial modelling for 2021/22, 2022/23 and 2023/24. They have undertaken financial modelling exercises to predict the future budgets and built in assumptions for scenario planning. We have reviewed these financial planning documents and the assumptions supporting the financials. We acknowledge that there is a lot of uncertainty as a result of Covid-19 and government funding, however, are satisfied that the projections the Council are making our reasonable.

The forecasting shows that there are significant pressures on the Council's finances in the medium term with deficit positions predicted based on the information currently available to the Council. Some of these pressures would be able to be offset by the Council's general reserves balances, however, it is important that the Council looks at formalising a transformation view, to help control its financial position in the future.

**Conclusion:** The Council's financial outturn for 31 March 2020 was in line with expectations and there was little impact of Covid-19. The Council now like many other local authorities is responding to the impact of Covid-19 on its service delivery and is facing financial pressures as a result for 2020/21. Even with Government Covid-19 funding it is predicting an overspend against budget. The Council is also looking beyond the current year at the medium term through financial modelling exercises and have noted there is a likelihood of financial shortfalls in the medium term. They are currently looking at a transformation plan and how they will look to control their finances in the medium term. The work we have completed on the review of the Council's finances have not identified any material weaknesses in their ability to manage finances across the short and medium term.

# 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.

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

# Independence and ethics

### Audit and Non-audit services

For the purposes of our audit we have made enquiries of all Grant Thornton UK LLP teams providing services to the Council. The following non-audit services were identified, as well as the threats to our independence and safeguards that have been applied to mitigate these threats.

| | Fees £ | Threats identified | Safeguards |
|---|---|---|---|
| **Audit related** | | | |
| Certification of Teachers Pension Return | 4,200 | 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 £4,200 in comparison to the total fee for the audit of £168,414 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 and follow up work by DWP (Module X) | 38,000<br>2,000 | 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 £40,000 in comparison to the total fee for the audit of £168,414 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 Innovate UK grant claims in relation to Battery Industrialisation Centre (from April 2019 for 18 months) | 23,700 | Self review (because GT provides audit services) | The level of this non recurring fee taken on its own is not considered a significant threat to independence as the fee  for this work is £23,700 for 18 months in comparison to the total annual audit fee for the audit of £168,414 and in particular relative to Grant Thornton UK LLP's turnover overall. Further, it is a fixed fee and there is no contingent element to it. These factors all mitigate the perceived self-interest threat to an acceptable level. |
| | | | To mitigate against the self review threat , the timing of certification work is done after the audit has completed, materiality of the amounts involved to our opinion and unlikelihood of material errors arising and the Council has informed management who will decide whether to amend returns for our findings and agree the accuracy of our reports on grants. |

# Independence and ethics

## Audit and Non-audit services

For the purposes of our audit we have made enquiries of all Grant Thornton UK LLP teams providing services to the Council. The following non-audit services were identified as well as the threats to our independence and safeguards that have been applied to mitigate these threats.

| | Fees Euros | Threats identified | Safeguards |
|---|---|---|---|
| **Non-audit related** | | | |
| EU funding for Urban Innovative Actions (UIA) grant received for the Council in 2017/18. This certification was requested and paid for by UIA for a cost of 9,600 Euros. | 9,600 | Self review (because GT provides audit services) | We have carried out grant certification services on behalf of GT France in respect to EU funding for UIA grant received for the Council in 2017/18. This certification was requested and paid for by UIA for a cost of 9,600 Euros.<br>To mitigate against the self review threat , the timing of certification work is done after the audit was completed and was completed under the direction of GT France, who are independent from the Council audit team. |

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# Follow up of prior year recommendations

We identified the following issues in the audit of Coventry City Council's 2018/19 financial statements, which resulted in 3 recommendations being reported in our 2018/19 Audit Findings report.

| Assessment | Issue and risk previously communicated | Update on actions taken to address the issue |
|---|---|---|
| ✓ | **Lack of reconciliation between the property database and asset register**<br>Our audit work on understanding the businesses processes and property plant equipment valuation controls it was noted that there is no formal reconciliation carried out between the Estates team's property database and the Council's Asset register. | • We recommend that a reconciliation between the Estates team property database and Council's Asset Register is carried out at least annually<br>**Response**<br>• The Council have implemented this reconciliation and have carried out for 2018/19 and also for 2019/20. |
| ✓ | **Valuation of investment properties**<br>We note that the Council does not value all of its investment properties on an annual basis. We do not consider that this is compliant with the CIPFA Code and brings a risk that asset values could be misstated. | • We recommend that all investment properties are valued on an annual basis.<br>**Response**<br>• The Council consider their approach to valuation of investment properties is reasonable and will not lead to material misstatement<br>• The Council have used a similar approach in 2019/20 and we are satisfied that the valuation of Investment Property is free from material misstatement |
| ✓ | **Valuation of PPE – School Assets**<br>Our work identified that for school assets that were not revalued in year, if indexation was applied that there would be a material difference in the school asset valuation. As a result the Council have undertaken a further revaluation of school assets to ensure that the valuation of school assets are not materially misstated. In undertaking this assessment the Council identified an error in its valuation methodology. | We recommend that the Council;<br>• Reviews all investment methodologies to ensure that they are compliant with RICS guidance<br>• For assets not valued in year, considers the whether the value needs to be altered for movements in market prices, building costs etc..<br>**Response**<br>• The Council have undertaken a revaluation of school assets in line with RICS and DfE guidance and have demonstrated that the valuation of assets is £1m different to what is shown in the financial statements and have concluded that this is not material to the financial statements. |

**Assessment**

| | |
|---|---|
| ✓ | Action completed |
| X | Not yet addressed |

# 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 2020.

| Detail | Comprehensive Income and Expenditure Statement £'000 | Statement of Financial Position £' 000 | Impact on total net expenditure £'000 |
|---|---|---|---|
| Note 3.15 Property Plant and Equipment<br>Our audit testing identified that for DRC land assets where stamp duty would be payable on acquiring the modern equivalent asset, the stamp duty has been double counted and therefore the valuation overstated. The errors have no impact on the general fund. | Dr Revaluation losses (to services) 1,329<br>Dr Other Comprehensive Income 1,086 | Cr Other Land & Building 2,415<br>Dr Unusable Reserves 2,415 | Dr 2,415 |
| Note 3.15 Property Plant and Equipment<br>Our audit testing has found a number of errors in the inputs used by the valuer in the valuation of a number of DRC schools, including building costs, pupil numbers and component lives. The errors have no impact on the general fund. | Cr Revaluation gains (to services) 5,523<br>Cr Other Comprehensive Income 5,575 | Dr Other Land & Buildings 11,098<br>Cr Unusable Reserves 11,098 | Cr 11,098 |
| Note 3.15 Property Plant and Equipment<br>Our testing of community assets identified that University Square (£1.2m) is not owned by the Council but is recorded on its balance sheet. | Dr Gain/Loss on Disposal 1,211 | Cr Community Assets 1,211<br>Dr Unusable Reserves 1,211 | Dr 1,211 |
| Note 3.17 Non-Operational Assets<br>Our audit testing identified that valuation of UKBIC was overstated by c£9m as incorrect rental yields were applied in the valuation calculation. The error has no impact on the general fund. | Dr Finance and Investment Expense 8,645 | Cr Investment Property AUC 8,645<br>Dr Unusable Reserves 8,645 | Dr 8,645 |
| Note 4.4 Group Balance Sheet<br>The Council's waste plant was downward revalued at 1st April 2019 by £4.465m., with the Council share being £1.956m . This was not reflected in the draft accounts | Dr Associates and JV's accounted for on an equity basis £1,956 | Cr Investment in Associates and Joint Ventures £1,956 | Dr 1,956 |
| **Overall impact** | **£3,129** | **£3,129** | **£3,129** |

# 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.

## 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 | Auditor recommendations | Adjusted? |
|---|---|---|---|
| **Prior Period Adjustment – Asset Valuations** | Our audit testing in 2019/20 identified that there were some errors in the valuation of assets.<br>- In 2018/19 for investment properties, the valuers had deducted acquisition costs from the valuation which is contra to RICS and CIPFA Code requirements<br>-In 2018/19 school assets were not componentized a requirement of the Code from 2010 and the incorrect application of DFE guidance<br>-Assets included on the asset register which should have been excluded from the Council's asset register – as found by rights and obligations testing | • We have recommended to the Council to make prior period adjustments which will result in the increase of Investment Properties by £9.2m and an increase in operational assets of £11.0m (£12.6m increase in schools valuation less £1.7m of assets to be excluded) | ✓ |
| **Prior Period Adjustment – Collective Investment Vehicles** | In 2018/19 the Council have applied the fair value through OCI designation to investments in collective investment vehicles such as the CCLA Property Fund.<br>We do not consider that investments in collective investment vehicles qualify for the election under IFRS 9 to be designated as fair value through other comprehensive income (FVOCI) because such investments do not meet the definition of an equity instrument from the issuer's perspective. | • We have recommended the Council to revise their accounting treatment for the Pooled Investment Fund , which will result in disclosure changes on the face of the CIES as a result of accounting through FVTPL rather than OCI and the creation of a Pooled Investment Fund Adjustment Account. There is no impact on the overall position of the General Fund for 2018/19 as accounting through the Pooled Investment Fund Adjustment Account offsets the charge to the General Fund Balance, however there will be changes on the face of the CIES. The Council will also have to restate their Balance Sheet and MiRS to take into account the impact of the transactions through the Pooled Investment Adjustment Account and also update their group accounts. | ✓ |

# 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.

### 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 | Auditor recommendations | Adjusted? |
|---|---|---|---|
| **Note 2.3 Movement in Reserves Statement** | We have noted through our testing of the Movement in Reserves Statement an error in the accounting for the fair value movement , where the fair value movement was incorrectly classified in the CIES and should have been shown as Finance and Investment Income and Expenditure | • To update the CIES to correctly reflect the movement of fair value in Finance and Investment Income and Expenditure | ✓ |
| **Note 3.12 External Audit Costs** | We have requested that the Council include the audit fees as shown in Appendix D. | • To update the audit fee note to reflect the services provided by Grant Thornton to the Council | ✓ |
| **Note 3.17 Non Operational Assets–** | There was a disclosure error in respect of £3.3m of investment properties incorrectly classified as additions in investment properties when should have been classified as reclassification. | • To update the disclosure note 3.17 to correctly reflect the asset balances | ✓ |
| **Note 3.19 Revaluation of Property Plant and Equipment** | We have noted a disclosure error where Other Land and Buildings was disclosed incorrectly in the note as £291.218m when it should have been disclosed as £291.848m | • To update the disclosure note and correct of the £660k difference | ✓ |
| **Note 3.20 Capital Commitments** | We noted some discrepancies in the capital commitments note compared to the records held by the Council | • To update the capital commitment notes | ✓ |
| **Note 3.34 Financial Instruments** | We noted that there was a disclosure error in relation to the Fair Value of borrowings held with other local authorities being undervalued by £22m | • To update the fair value of borrowings held with other local authorities in the financial instrument disclosure | ✓ |
| **Note 3.36 Non Adjusting Post Balance Sheet Disclosure** | We agreed with the Council that a Non Adjusting Post Balance Sheet Disclosure should be made to reflect their investment in Birmingham Airport Holdings Limited | • To include a non-adjusting post balance sheet disclosure to disclose the Council’s investment in Birmingham Airport Holdings Limited | ✓ |

# 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.

### 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 | Auditor recommendations | Adjusted? |
|---|---|---|---|
| **Disclosure enhancements** | As part of our audit testing we identified areas where the Council needed to make changes to accounting policies and disclosures to be consistent with accounting requirements of the Code and the primary financial statements. These areas included<br>• Material Uncertainty disclosures<br>• Property Plant and Equipment<br>• Long Term Investments<br>• Pensions Liabilities<br>• Financial Instruments<br>• Collection Fund<br>• Group Accounts | • To review disclosure notes and include further narrative and changes in accordance with the CIPFA Code | ✓ |

# Audit adjustments

### Impact of unadjusted misstatements

The table below provides details of adjustments identified during the 2019/20 audit which have not been made within the final set of financial statements. The Audit and Procurement 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 |
|---|---|---|---|---|
| The Group did not consolidate the income and expenditure of Tom White Waste given the acquisition was on 5th March 2020 therefore the trading up until 31 March 2020 was deemed immaterial. as it would not add any value to the accounts.<br>We have estimated that if taken into account there may have been additional revenue of £1m revenue and £0.98m if expenditure in the group financial statements. | Cr Revenue 1,000<br>Dr Expenditure 980 | nil | nil | The Council have not adjusted given that this difference is not material to the financial statements. |
| **Overall impact** | **20** | **nil** | **nil** | |

### Other Finding

We have identified 1 recommendation 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 | Recommendation |
|---|---|---|
| ●<br>Low | **School Bank Reconciliations not carried out on the 31 March 2020**<br>Our audit testing of Cash and Cash Equivalents, found that for one school bank account tested that there was not a reconciliation held to support the bank balance reported to the Council as at 31 March 2020 which explained the difference between position as per the bank statement compared to that reported to the Council. A difference of £7k noted. | The Council should require all schools to complete and retain a formal bank reconciliation as at 31 March in future years, to be in line with the reporting year end of the Council and ensure that records are kept so that the Council can review and check the reconciliation as required. |

# Fees

We confirm below our final fees charged for the audit and provision of non-audit services/confirm there were no fees for the provision of non audit services.

| Audit fees | Proposed fee | Final fee |
|---|---|---|
| Council Audit | £168,414 | £198,000 |
| **Total audit fees (excluding VAT)** | **£168,414** | **£198,000** |

Over the past six months the pandemic has had a significant impact on all of our lives, both at work and at home and the recent announcements show that this is now likely to continue for some time to come. Our focus as a firm has been to protect our people while continuing to progress our audits so that we are able to deliver as many as possible to the 30 November timetable.

The impact of COVID 19 on the audit of your financial statements includes:

- Revisiting planning - we have needed to revisit our planning and refresh risk assessments, materiality and testing levels. This has driven additional areas of audit work (see below).
- Management's assumptions and estimates - there is increased uncertainty over many estimates including property, 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. There are similar challenges for management and ourselves on areas such as credit loss allowances, financial guarantees, and other provisions.
- Financial resilience assessment – we are required to consider the financial resilience of audited bodies. COVID 19 has impacted on the financial resilience of all local government bodies, including Coventry. This has increased the amount of work that we have undertake on going concern and value for money (financial sustainability). In your report we make reference to the long term financial resilience of the Council. We have not had to include an emphasis of matter or use our statutory powers
- Remote working – the most significant impact in terms of delivery is the move to remote working (both our teams and yours). The Council has worked effectively with us. Despite our efforts and the Council's we have needed to put additional resources into the audit. Where possible we have mitigated this with reduced travel and expense costs

We have been discussing this issue with PSAA over the last few months and note these issues are similar to those experienced in the commercial sector and NHS. In both sectors there has been a recognition that audits will take longer with commercial audit deadlines being extended by 4 months and NHS deadline by a month. The FRC has also issued guidance to companies and auditors setting out its expectation that audit standards remain high and of additional work needed across all audits. The link attached https://www.frc.org.uk/covid-19-guidance-and-advice (see guidance for auditors) sets out the expectations of the FRC.

In addition, there has been additional work with regard to investment valuations and the restatement of the 2018/19 Property, Plant and Equipment valuations

The impact of the matters outlined above have increased the cost of the audit to £198,000.

**Note**

The audit fee in the financial statements of the Council is £184,914. There is a difference of £16,500 compared to the proposed audit fee shown in the table of £168,414. This difference is in respect to an agreed fee variation in respect to the 2018/19 financial statements audit which was agreed by PSAA in 2019/20 and therefore not accrued in the Council's financial statements in 2018/19 and therefore shown in 2019/20. The final fee of £198,000 is not shown in the financial statements as the fee is subject to PSAA approval.

# Fees

| Non-audit fees for other services | 18/19 Final fee | 19/20 Estimated Fee |
|---|---|---|
| Audit Related Services 18/19 Grants | | |
| - Housing Benefits Certification (2018/19) | £38,000 | |
| - Teachers Pension Return (2018/19) | £4,200 | |
| - Certification of Innovate UK Grant Claims | £23,700 | |
| Audit Related Services 19/20 Grants | | |
| - Housing Benefits Certification (2019/20) | | £30,000 |
| - Teachers Pension Return (2019/20) | | £4,200 |
| - DWP extended work in relation to Housing Benefits Certification 2018/19 – Module X | | £2,000 |
| **Total non- audit fees (excluding VAT)** | **£65,900** | **£36,200** |

Audit related services to 2019/20 grants will be accrued in 2020/21 financial statements as the grant certification is underway and not complete.

We have also carried out grant certification services on behalf of GT France in respect to EU funding for UIA grant received for the Council in 2017/18. This certification was requested and paid for by UIA for a cost of 9,600 Euros.

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