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Informing the audit risk assessment for Coventry City Council Group 2019/20

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Table of Contents

Section	Page
Purpose	4
General Enquiries of Management	6
Fraud	7
Fraud Risk Assessment	8
Laws and Regulations	13
Impact of Laws and Regulations	14
Going Concern	16
Going Concern Considerations	17
Related Parties	21
Accounting Estimates	23
Appendix A Accounting Estimates	25

Purpose

The purpose of this report is to contribute towards the effective two-way communication between Coventry City Council Group's external auditors and the Audit and Procurement Committee (the Committee), as 'those charged with governance'. The report covers some important areas of the auditor risk assessment where we are required to make inquiries of the Committee under auditing standards.

Background

Under International Standards on Auditing (UK) (ISA(UK)) auditors have specific responsibilities to communicate with the Audit and Procurement Committee. ISA(UK) emphasise the importance of two-way communication between the auditor and the Committee and also specify matters that should be communicated.

This two-way communication assists both the auditor and the Audit and Procurement Committee in understanding matters relating to the audit and developing a constructive working relationship. It also enables the auditor to obtain information relevant to the audit from the Committee and supports the Committee in fulfilling its responsibilities in relation to the financial reporting process.

Communication

As part of our risk assessment procedures we are required to obtain an understanding of management processes and the Audit and Procurement Committee's oversight of the following areas:

- General Enquiries of Management
- Fraud,
- Laws and Regulations,
- Going Concern,
- Related Parties, and
- Accounting Estimates.

Purpose

This report includes a series of questions on each of these areas and the response we have received from Coventry City Council Group's management. The Audit and Procurement Committee should consider whether these responses are consistent with its understanding and whether there are any further comments it wishes to make.

General Enquiries of Management

Question	Management response
<p>1. What do you regard as the key events or issues that will have a significant impact on the group financial statements for 2019/20?</p>	<p>Valuation of the Council's asset portfolio and pension liability will continue to be the areas that are most subject to significant volatility. The Council is also incurring large Capital Programme spend which will feed through to movements within the key financial statements. There will be a need to review the impact on the group accounts of the Council's current or planned activity in relation to the UKBIC, the Friargate Joint Venture, a Material Recycling Facility and the proposed acquisition of a commercial venture (Council 25th February 2020).</p>
<p>2. Have you considered the appropriateness of the accounting policies adopted by the group? Have there been any events or transactions that may cause you to change or adopt new accounting policies?</p>	<p>We are not aware of any events or transactions at this stage that will lead to any changes to or adoption of new accounting policies. This will be reviewed again during the final accounts process.</p>
<p>3. Is there any use of financial instruments, including derivatives in the group?</p>	<p>There is no use of financial derivative instruments.</p>
<p>4. Are you aware of any significant transactions outside the normal course of business?</p>	<p>The Council is increasing the extent of the activity that it undertakes through companies which it owns in part or on a 100% basis as set out at Question 1 above.</p>

General Enquiries of Management

Question	Management response
5. Are you aware of any changes in circumstances that would lead to impairment of non-current assets?	We are not aware at this stage of any changes of circumstances that would lead to an impairment of non-current assets. An annual impairment review of the Council's property assets is undertaken as a matter of course.
6. Are you aware of any guarantee contracts?	The Council provides pension guarantees to a number of organisations and is a guarantor for the UK City of Culture 2021.
7. Are you aware of the existence of loss contingencies and/or un-asserted claims that may affect the financial statements?	We are not aware of any significant contingencies or claims that are likely to affect the financial statements.
8. Other than in house solicitors, can you provide details of those solicitors utilised by the group during the year. Please indicate where they are working on open litigation or contingencies from prior years?	No solicitors used on litigation which would have a significant impact on the Council's financial position.
9. Have any of the group's service providers reported any items of fraud, non-compliance with laws and regulations or uncorrected misstatements which would affect the financial statements?	No.
10. Can you provide details of other advisors consulted during the year and the issue on which they were consulted?	No advisors used on issues which would have a significant impact on the Council's financial position.

Fraud

Matters in relation to fraud

ISA (UK) 240 covers auditors responsibilities relating to fraud in an audit of financial statements.

The primary responsibility to prevent and detect fraud rests with both the Audit and Procurement Committee and management. Management, with the oversight of the Committee, needs to ensure a strong emphasis on fraud prevention and deterrence and encourage a culture of honest and ethical behaviour. As part of its oversight, the Committee should consider the potential for override of controls and inappropriate influence over the financial reporting process.

As Coventry City Council Group's external auditor, we are responsible for obtaining reasonable assurance that the financial statements are free from material misstatement due to fraud or error. We are required to maintain professional scepticism throughout the audit, considering the potential for management override of controls.

As part of our audit risk assessment procedures we are required to consider risks of fraud. This includes considering the arrangements management has put in place with regard to fraud risks including:

- assessment that the financial statements could be materially misstated due to fraud,
- process for identifying and responding to risks of fraud, including any identified specific risks,
- communication with the Audit and Procurement Committee regarding its processes for identifying and responding to risks of fraud, and
- communication to employees regarding business practices and ethical behaviour.

We need to understand how the Audit and Procurement Committee oversees the above processes. We are also required to make inquiries of both management and the Committee as to their knowledge of any actual, suspected or alleged fraud. These areas have been set out in the fraud risk assessment questions below together with responses from Coventry City Council's management.

Fraud risk assessment

Question	Management response
<p>1. Has the group assessed the risk of material misstatement in the financial statements due to fraud?</p> <p>How has the process of identifying and responding to the risk of fraud been undertaken and what are the results of this process?</p> <p>How do the Council's risk management processes link to financial reporting?</p>	<p>The authority's assessment is that this risk of material misstatement is low.</p> <p>The quarterly monitoring of service revenue and capital budgets, financial outturn results and the subsequent financial statements should identify any material misstatements, including where this could be due to fraud.</p> <p>These processes are key components of the annual financial cycle and as such are carried out as part of business as usual. In addition the financial statements are subject to internal quality assurance control checks including analytical reviews with the objective of identifying any significant year on year variances.</p> <p>Further risk assessment processes related to the preparation of accounts will be completed based upon any audit issues raised by both Internal and External Audit.</p>
<p>2. What have you determined to be the classes of accounts, transactions and disclosures most at risk to fraud?</p>	<p>See above, the risk of fraud within the financial statements is considered to be low.</p>
<p>3. Are you aware of any instances of actual, suspected or alleged fraud, errors or other irregularities either within the group as a whole or within specific departments since 1 April 2019?</p> <p>As a management team, how do you communicate risk issues (including fraud) to those charged with governance?</p>	<p>All concerns regarding fraud should be reported to the Chief Internal Auditor and defined processes are in place deal with any concerns raised. Since 1st April 2019 no concerns have been raised which would impact on the financial statements. In cases where fraud / error is identified through the work of Internal Audit as a result of third party actions (i.e the wider public) action is taken amend customer accounts / raise overpayments and recover monies wherever possible.</p> <p>The Council's corporate risk register is subject to regular review and is reported to the Audit and Procurement Committee. The Committee also receives a half yearly report on anti fraud and corruption activity.</p>



Fraud risk assessment

Question	Management response
<p>4. Have you identified any specific fraud risks?</p> <p>Do you have any concerns there are areas that are at risk of fraud?</p> <p>Are there particular locations within the group where fraud is more likely to occur?</p>	<p>A fraud risk register is maintained by Internal Audit and specific fraud risk assessments are undertaken where appropriate.</p> <p>Most risks around fraud relate to actions undertaken by third parties (i.e the wider public) to commit fraud against the Council. The risk of fraud in relation to financial reporting is assessed as low.</p>
<p>5. What processes do the group have in place to identify and respond to risks of fraud?</p>	<p>The work of Internal Audit focuses on four areas: Council Tax, the National Fraud Initiative, referrals and investigations considered through the Council's Fraud and Corruption Strategy and proactive work.</p> <p>In addition to this, a fraud risk register is maintained by Internal Audit and specific fraud risk assessments are undertaken where appropriate.</p>
<p>6. How would you assess the overall control environment for the group, including: the process for reviewing the effectiveness of the system of internal control; internal controls, including segregation of duties; exist and work effectively?</p> <p>If not where are the risk areas and what mitigating actions have been taken?</p> <p>What other controls are in place to help prevent, deter or detect fraud?</p> <p>Are there any areas where there is a potential for override of controls or inappropriate influence over the financial reporting process (for example because of undue pressure to achieve financial targets)?</p>	<p>The Internal Audit Annual Report details the process for reviewing the effectiveness of the system of internal control and the results of this review. The last formal assessment of the Council's control environment was for the financial year 2018-19. The Chief Internal Auditor's opinion was that moderate assurance could be provided that there is generally a sound system of internal control in place. This means that there is generally an appropriate level of control for managing the majority of the significant inherent risks to the Council's objectives to a reasonable level. Nothing has come to light in 19-20 to materially impact on this opinion. No risk areas have been identified in relation to the financial statements.</p> <p>Roles and responsibilities in relation to systems of control are defined in various places such as the Constitution and Rules for Contracts and are enforced as far as practicable through ICT system controls and monitoring. This includes controls enforced through the Agresso system, which limits the potential for override of controls over the financial reporting process. Service area controls, e.g segregation of duties of officers to mitigate fraud are in place to support the Councils Fraud and Corruption Strategy and Whistleblowing Policy.</p>

Fraud risk assessment

Question	Management response
7. Are there any areas where there is potential for misreporting?	None known.
<p>8. How does the group communicate and encourage ethical behaviours and business processes of it's staff and contractors?</p> <p>How do you encourage staff to report their concerns about fraud?</p> <p>What concerns are staff expected to report about fraud?</p> <p>Have any significant issues been reported?</p>	<p>The Council has a Code of Conduct which sets out the expected behaviours of its staff. In addition, all staff and agency workers are required to undergo an induction process. Contracts include terms and conditions around the behaviours etc of contractors. Policies linked to ethical behaviour and business processes are available on the Council's Intranet site and highlighted in the Managers Talk monthly emails.</p> <p>The Council has a Fraud and corruption Strategy, a Whistleblowing Policy and an e-learning fraud awareness tool in place. Other mechanisms are also used to encourage staff to report concerns, including the Finance and Audit school newsletter and face to face fraud awareness sessions. Staff are expected to raise all concerns about fraud with the Chief Internal Auditor. In 2019/20 to date, no issues have been reported which have led to significant fraud being identified.</p>
<p>9. From a fraud and corruption perspective, what are considered to be high-risk posts?</p> <p>How are the risks relating to these posts identified, assessed and managed?</p>	<p>Any postholder with responsibilities for handling income, particularly cash, or who have budget holder responsibilities could be considered to be high-risk. However, levels of cash income are not significant and appropriate checks and balances are in place, including budget monitoring, scheme of delegation and segregation of duties, which are also enforced through the Agresso system.</p>
<p>10. Are you aware of any related party relationships or transactions that could give rise to instances of fraud?</p> <p>How do you mitigate the risks associated with fraud related to related party relationships and transactions?</p>	<p>Most of the related party transactions that could give rise to potential fraud are those in which Councillors have a direct interest. Risks are mitigated by Councillor's declaration of interests and non-participation in debates.</p> <p>All postholders grade 9 and above are required to complete an annual declaration of interests and provide details of how any potential conflicts of interests are managed.</p> <p>In addition, the Council receives and reviews data matches via the National Fraud Initiative linked to this area of risk.</p>

Fraud risk assessment

Question	Management response
<p>11. What arrangements are in place to report fraud issues and risks to the Audit and Procurement Committee?</p> <p>How does the Audit and Procurement Committee exercise oversight over management's processes for identifying and responding to risks of fraud and breaches of internal control?</p> <p>What has been the outcome of these arrangements so far this year?</p>	<p>The Audit and Procurement Committee receive half yearly reports on anti fraud and corruption activity.</p> <p>The Committee also receive quarterly Internal Audit progress reports which provides details of key audits undertaken. Where appropriate this would include issues relating to management processes for mitigating the risk of fraud and internal control issues.</p> <p>The Chief Internal Auditor's annual audit opinion on the adequacy and effectiveness of the internal control environment also highlights any significant control issues to the Committee.</p> <p>In 2019/20, details of actions taken by Internal Audit in-conjunction with service areas to prevent fraud have also been provided to the Committee . This followed a request from the Committee in the previous municipal year.</p>
<p>12. Are you aware of any whistle blowing potential or complaints by potential whistle blowers? If so, what has been your response?</p>	<p>The Council has a Whistleblowing Policy and a defined process in place to deal with concerns raised by whistleblowers. In 2019/20, two complaints linked to potential fraud have been raised. In one case, the matter was found not to have been substantiated and in the other case, investigations are ongoing. Neither complaint relates to misstatement within the financial statements / financial reporting due to fraud.</p>
<p>13. Have any reports been made under the Bribery Act?</p>	<p>None identified.</p>

Law and regulations

Matters in relation to laws and regulations

ISA (UK) 250 requires us to consider the impact of laws and regulations in an audit of the financial statements.

Management, with the oversight of the Audit and Procurement Committee, is responsible for ensuring that the group's operations are conducted in accordance with laws and regulations including those that determine amounts in the financial statements.

As auditor, we are responsible for obtaining reasonable assurance that the financial statements are free from material misstatement due to fraud or error, taking into account the appropriate legal and regulatory framework. As part of our risk assessment procedures we are required to make inquiries of management and the Audit and Procurement Committee as to whether the group is in compliance with laws and regulations. Where we become aware of information of non-compliance or suspected non-compliance we need to gain an understanding of the non-compliance and the possible effect on the financial statements.

Risk assessment questions have been set out below together with responses from management.

Impact of laws and regulations

Question	Management response
<p>1. How does management gain assurance that all relevant laws and regulations have been complied with?</p> <p>What arrangements does the group have in place to prevent and detect non-compliance with laws and regulations? Are you aware of any changes to the group's regulatory environment that may have a significant impact on the group's financial statements?</p>	<p>Through effective governance processes and review mechanisms such as internal audit. The Monitoring Officer and the Council's legal team advise the Council's leadership, councillors and departments on changes to the legal and regulatory environment that impact on the Council.</p>
<p>2. How is the Audit and Procurement Committee provided with assurance that all relevant laws and regulations have been complied with?</p>	<p>The Annual Governance Statement presented to the Committee provides assurance that arrangements are in place for facilitating effective exercise of the Council's functions. This includes ensuring that its business is conducted in accordance with the law and proper standards.</p>
<p>3. Have there been any instances of non-compliance or suspected non-compliance with laws and regulation since 1 April 2019 with an on-going impact on the 2019/2020 financial statements?</p>	<p>No.</p>
<p>4. Is there any actual or potential litigation or claims that would affect the financial statements?</p>	<p>No.</p>

Impact of laws and regulations

Question	Management response
5. What arrangements does the group have in place to identify, evaluate and account for litigation or claims?	Corporate finance undertake discussions with the City Solicitor and Monitoring Officer to identify any significant litigation claims at the year end.
6. Have there been any reports from other regulatory bodies, such as HM Revenues and Customs which indicate non-compliance?	There have been no reports of non-compliance from regulatory bodies. Two instances of VAT non compliance have been self-reported to HMRC.

Going Concern

Matters in relation to going concern

ISA (UK) 570 covers auditor responsibilities in the audit of financial statements relating to management's use of the going concern assumption in the financial statements.

The going concern assumption is a fundamental principle in the preparation of financial statements. Under this assumption entities are viewed as continuing in business for the foreseeable future. Assets and liabilities are recorded on the basis that the entity will be able to realise its assets and discharge its liabilities in the normal course of business.

Going concern considerations have been set out below and management has provided its response.

Going concern considerations

Question	Management response
<p>1. Has the management team carried out an assessment of the going concern basis for preparing the financial statements for the group? What was the outcome of that assessment?</p>	<p>Yes. Going concern is considered as part of the preparation of the financial statements. This considers key areas that impact on the Council's ability to continue as a going concern including financial resilience and medium term financial forecasts.</p> <p>The Council's relatively healthy financial position in 2019/20 and forecast balanced budget for 2020/21, together with the work reviewing the medium term financial position provide support for the Council's going concern assumption.</p>
<p>2. Are the financial assumptions in that report (e.g., future levels of income and expenditure) consistent with the group's Business Plan and the financial information provided to the group throughout the year?</p>	<p>Yes.</p>

Going concern considerations

Question	Management response
3. Are the implications of statutory or policy changes appropriately reflected in the Business Plan, financial forecasts and report on going concern?	The Budget Report incorporates any significant adjustments of a financial nature including statutory and policy changes. This position is updated through the regular financial monitoring process for any in-year changes and within the analysis of going concern.
4. Have there been any significant issues raised with the Audit and Procurement Committee during the year which could cast doubts on the assumptions made? (Examples include adverse comments raised by internal and external audit regarding financial performance or significant weaknesses in systems of financial control).	There are no significant issues or weaknesses that could impact upon going concern status.
5. Does a review of available financial information identify any adverse financial indicators including negative cash flow or poor or deteriorating performance against the better payment practice code? If so, what action is being taken to improve financial performance?	There are no adverse financial indicators that represent a threat to going concern considerations.

Going concern considerations

Question	Management response
<p>6. Does the group have sufficient staff in post, with the appropriate skills and experience, particularly at senior manager level, to ensure the delivery of the group's objectives? If not, what action is being taken to obtain those skills?</p>	<p>Yes. There are sufficient staff in post with the appropriate skills and experience. The level of the challenge to deliver the Council's plans and programmes is substantial but there are no significant instances where this is impacting on the delivery of objectives.</p>
<p>7. Does the group have procedures in place to assess their ability to continue as a going concern?</p>	<p>Yes. Financial budgeting and monitoring information is available on a regular basis providing the facility to review any early concerns with regard to going concern.</p>
<p>8. Is management aware of the existence of events or conditions that may cast doubt on the group's ability to continue as a going concern?</p>	<p>No.</p>

Going concern considerations

Question	Management response
<p>9. Are arrangements in place to report the going concern assessment to the Audit and Procurement Committee ?</p> <p>How has the Committee satisfied itself that it is appropriate to adopt the going concern basis in preparing financial statements?</p>	<p>Yes. The Council's going concern assessment is reported separately as part of the Narrative Statement within the Statement of Accounts reported to the Committee each year and is covered specifically within the Audit Findings Report.</p>

Related Parties

Matters in relation to Related Parties

The Council is required to comply with IAS 24 and disclose transactions with entities/individuals that would be classed as related parties. These may include:

- entities that directly, or indirectly through one or more intermediaries, control, or are controlled by the group;
- associates;
- joint ventures;
- an entity that has an interest in the authority that gives it significant influence over the Council;
- key management personnel, and close members of the family of key management personnel, and
- post-employment benefit plans (pension fund) for the benefit of employees of the Council, or of any entity that is a related party of the Council.

A disclosure is required if a transaction (or series of transactions) is material on either side, i.e. if a transaction is immaterial from the Council's perspective but material from a related party viewpoint then the Council must disclose it.

ISA (UK) 550 requires us to review your procedures for identifying related party transactions and obtain an understanding of the controls that you have established to identify such transactions. We will also carry out testing to ensure the related party transaction disclosures you make in the financial statements are complete and accurate.

Relating Parties

Question	Management response
1. What controls does the group have in place to identify, account for and disclose related party transactions and relationships ?	Related party transactions and relationships are reported within the statutory accounting process through analysis of existing disclosure records and a process to collect information on these relationships.

Accounting estimates

Matters in relation to Accounting estimates

Local Authorities need to apply appropriate estimates in the preparation of their financial statements. ISA (UK) 540 sets out requirements for auditing accounting estimates. The objective is to gain evidence that the accounting estimates are reasonable and the related disclosures are adequate.

Under this standard we have to identify and assess the risks of material misstatement for accounting estimates by understanding how the group identifies the transactions, events and conditions that may give rise to the need for an accounting estimate.

Accounting estimates are used when it is not possible to measure precisely a figure in the accounts. We need to be aware of all estimates that the group is using as part of its accounts preparation; these are detailed in appendix 1 to this report. The audit procedures we conduct on the accounting estimate will demonstrate that:

- the estimate is reasonable; and
- estimates have been calculated consistently with other accounting estimates within the financial statements.

We would ask the Audit and Procurement Committee to satisfy itself that the arrangements for accounting estimates are adequate.

Accounting Estimates

Question	Management response
1. Are management aware of transactions, events, conditions (or changes in these) that may give rise to recognition or disclosure of significant accounting estimates that require significant judgement (other than those in Appendix A)?	We are not aware of any transactions, events or conditions other than those identified.
2. Are the management arrangements for the accounting estimates, as detailed in Appendix A reasonable?	Yes. Where estimation is necessary, appropriate estimating methodology is utilised. Estimates will be prepared by those best qualified, e.g. pension fund actuary, professionally qualified asset valuer.
3. How is the Audit and Procurement Committee provided with assurance that the arrangements for accounting estimates are adequate ?	Accounting estimates are an integral part of the statutory accounting and reporting process.

Appendix A Accounting Estimates

Estimate	Method / model used to make the estimate	Controls used to identify estimates	Whether Management have used an expert	Underlying assumptions: - Assessment of degree of uncertainty - Consideration of alternative estimates	Has there been a change in accounting method in year?
Property, plant & equipment and Investment Property Valuations	<p>Current value for land/buildings defined as 'existing use value'</p> <p>Fair value for investment properties.</p>	<p>Valuations are performed annually to ensure that the current value/ fair value of a revalued asset does not differ materially from its carrying amount.</p>	<p>Use of internal valuers (RICS qualified) from Commercial Property department</p>	<p>Degree of uncertainty inherent with any revaluation. We employ professional valuers and rely on expert opinion.</p>	<p>No</p>
Estimated remaining useful lives of PPE	<p>Each part of an item of property, plant and equipment with a significant component cost in relation to the total cost is depreciated separately. Depreciation methods, useful lives and residual values are reviewed each financial year and adjusted if appropriate.</p>	<p>Consistent application of depreciation method across assets</p>	<p>Discussion with internal asset team and where applicable the internal valuer.</p>	<p>Depreciation is calculated on a straight line basis as this reflects consumption of assets and is a reasonable assumption.</p>	<p>No</p>



Appendix A Accounting Estimates (Continued)

Estimate	Method / model used to make the estimate	Controls used to identify estimates	Whether Management have used an expert	Underlying assumptions: - Assessment of degree of uncertainty - Consideration of alternative estimates	Has there been a change in accounting method in year?
Depreciation and Amortisation	See above	See above	See above	See above	No
Impairments	Assets are assessed at each year-end as to whether there is any indication that an asset may be impaired. Where indications exist and any possible differences are estimated to be material, the recoverable amount of the asset is estimated and, where this is less than the carrying amount of the asset, an impairment loss is recognised for the shortfall	Assets are assessed at each year-end as to whether there is any indication that an asset may be impaired.	Use of internal valuers (RICS qualified) from Commercial Property department for PPE.	Valuations are made in-line with the CIPFA Code of Practice guidance - reliance on expert	No.
Measurement of Financial Instruments	Measurements are obtained from appropriate sources. The Authority follows the requirements of the CIPFA Code of Practice.	Measured and recorded by the Corporate Finance Team using advice as appropriate from the Council's Treasury management advisors.	Yes Fund advisers – XX	The measurements are based upon the best information held at the current time and are provided by experts in their field.	No



Appendix A Accounting Estimates (Continued)

Estimate	Method / model used to make the estimate	Controls used to identify estimates	Whether Management have used an expert	Underlying assumptions: - Assessment of degree of uncertainty - Consideration of alternative estimates	Has there been a change in accounting method in year?
Provisions for liabilities	Provisions are identified through detailed monthly management accounts which flags any potential issues to management.	Each provision is separately reviewed by financial accounts and a working is put together to support the calculation.	As necessary on an individual basis	Each provision is assessed on an individual basis to ensure that it meets the criteria of a provision per IAS 37. The degree of uncertainty is assessed when determining whether a provision is the correct treatment for an item.	No.
Credit Loss Allowance	Expected Credit Loss model	Knowledge by the Accounts Receivables team in likelihood of recoverability and the aging of the debts. XX signs off the write off.	No		No.



Appendix A Accounting Estimates (Continued)

Estimate	Method / model used to make the estimate	Controls used to identify estimates	Whether Management have used an expert	Underlying assumptions: - Assessment of degree of uncertainty - Consideration of alternative estimates	Has there been a change in accounting method in year?
Accruals	Accruals are estimated by reviewing goods and services received prior to the end of the financial year for which an invoice has not been received.	Monthly management accounts provides rigorous analysis so that any accruals are highlighted and actioned throughout the year.	No.	The use of actual dates of receipt of goods and services gives a low degree of uncertainty	No.
Non Adjusting events – events after the balance sheet date	Monthly management accounts prepared would flag any adjusting/non-adjusting events.	See left.	No.	N/A.	No.



Appendix A Accounting Estimates (Continued)

Estimate	Method / model used to make the estimate	Controls used to identify estimates	Whether Management have used an expert	Underlying assumptions: - Assessment of degree of uncertainty - Consideration of alternative estimates	Has there been a change in accounting method in year?
Pension Fund (LGPS) Actuarial gains/losses	The actuarial gains and losses figures are calculated by the actuarial expert Barnett Waddingham. These figures are based on making % adjustments to the closing values of assets/liabilities.	For the LGPS the Authority responds to queries raised by the administering authority City of Wolverhampton Council.	The Authority are provided with an actuarial report by Barnett Waddingham (LGPS)	The nature of these figures forecasting into the future are based upon the best information held at the current time and are developed by experts in their field.	No.
Overhead allocation	The accountants apportion central support costs to services based on appropriate bases.	All support service cost centres are allocated according to the agreed processes.	No	Appropriate bases are reviewed each year to ensure equitable.	No
PFI liabilities	Estimates are made at the outset of PFI schemes based on established models. The models are agreed with our external auditors who have reviewed this extensively in recent years.	Given that estimates are established at the outset of the PFI scheme they are then determined for the life of the scheme, reflecting for example, the fixed cost or the debt financing within the scheme.	Yes, at the outset of the schemes or where re-financing of PFI debt is considered experts are used in line with standard practice.	Alternative estimates are not generally considered once the model has been established, unless there are major changes in the scheme (e.g. re-financing)..	No





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