

# Informing the audit risk assessment for Melton Borough Council 2023/24

Helen Lillington  
Engagement Lead  
T +44 121 232 5312  
E [Helen.m.lillington@uk.gt.com](mailto:Helen.m.lillington@uk.gt.com)

Willem Smit  
Senior Manager  
T +44 121 232 5387  
E [Willem.jj.smit@uk.gt.com](mailto:Willem.jj.smit@uk.gt.com)



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## Purpose

The purpose of this report is to contribute towards the effective two-way communication between Melton Borough Council's external auditors and Melton Borough Council's Audit 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 Audit Committee under auditing standards.

## Background

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

This two-way communication assists both the auditor and the Audit 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 Audit Committee and supports the Audit 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 Melton Borough Council's oversight of the following areas:

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

## Purpose

This report includes a series of questions on each of these areas and the response we have received from Melton Borough Council's management. The Audit 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 financial statements for 2023/24?</p>	<p>Change in members following elections in May 2023, moving from a Conservative run Council to a Labour/independent joint working arrangement.</p>
<p>2. Have you considered the appropriateness of the accounting policies adopted by Melton Borough Council? Have there been any events or transactions that may cause you to change or adopt new accounting policies? If so, what are they?</p>	<p>Yes the only change will be the addition of IFRS16 considerations</p>
<p>3. Is there any use of financial instruments, including derivatives? If so, please explain</p>	<p>No</p>
<p>4. Are you aware of any significant transaction outside the normal course of business? If so, what are they?</p>	<p>No</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? If so, what are they?	None that I'm aware off
6. Are you aware of any guarantee contracts? If so, please provide further details	No
7. Are you aware of the existence of loss contingencies and/or un-asserted claims that may affect the financial statements? If so, please provide further details	Potential planning appeal for a solar farm application
8. Other than in house solicitors, can you provide details of those solicitors utilised by Melton Borough Council during the year. Please indicate where they are working on open litigation or contingencies from prior years?	<p>Legal would be best place to provide this</p> <p>Also Anthony Collins Solicitors re the sale of land at Cattle Market North and Trowers &amp; Hamilins LLP re new leisure procurement contract and associated lease work for Waterfield Leisure Centre and Melton Sports Village. Tim Leader re agreement with LCC for MMDR. Freeths re ill health/pension matter</p>

## General Enquiries of Management

Question	Management response
9. Have any of the Melton Borough Council's service providers reported any items of fraud, non-compliance with laws and regulations or uncorrected misstatements which would affect the financial statements? If so, please provide further details	No
10. Can you provide details of other advisors consulted during the year and the issue on which they were consulted?	Can you please give some more details / examples to answer
11. Have you considered and identified assets for which expected credit loss provisions may be required under IFRS 9, such as debtors (including loans) and investments? If so, please provide further details	Yes we consider this and have calculations for our investments and use default rates against aged balances for debtors.



# 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 Committee and management. Management, with the oversight of the Audit 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 Audit Committee should consider the potential for override of controls and inappropriate influence over the financial reporting process.

As Melton Borough Council'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 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 Committee oversees the above processes. We are also required to make inquiries of both management and the Audit 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 Melton Borough Council's management.

# Fraud risk assessment

Question	Management response
<p>1. Has Melton Borough Council 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 Melton Borough Council's risk management processes link to financial reporting?</p>	<p>A holistic view of fraud is undertaken rather than specific to the financial statements. The council has an up to date Counter Fraud and Corruption Policy, Anti-money laundering policy (both updated in 2023/24) and an Anti bribery policy. The council has a fraud risk register which is regularly reviewed and used to inform the annual internal audit plan. There is a mandatory fraud awareness e learning package for staff and fraud awareness week is promoted through communications to promote fraud awareness both internally and externally. The council has a 'Report Fraud" mailbox which is regularly monitored and referrals handled. There is regular analysis and investigation of data matches though the NFI project and additional pilots on social housing fraud have also been participated in. Reports on fraud activity are reported twice yearly to the Audit and Standards Committee.</p> <p>As part of the annual budget process budgets are assessed for risk under the Council's framework to identify high priority areas and which require additional focus for monitoring. These are categorised to determine the level of frequency required, the categories are a) high risk &amp; complex, b) high risk and c) lower risk. Reserves levels are also risk assessed.</p>
<p>2. What have you determined to be the classes of accounts, transactions and disclosures most at risk to fraud?</p>	<p>The fraud risk register includes procurement related risks; cyber enabled frauds; and internal fraud risks – none of which are considered higher risk for Melton than other local authorities but recognises national trends.</p>
<p>3. Are you aware of any instances of actual, suspected or alleged fraud, errors or other irregularities either within Melton Borough Council as a whole, or within specific departments since 1 April 2023? If so, please provide details.</p> <p>What are the risk of fraud in the entity, including those that are specific to the entity's business sector?</p>	<p>The Council's fraud log of reported suspicions/allegations and outcomes is maintained by the Chief Internal Auditor and can be shared, if required. A summary will be reported to the Audit and Standards Committee in June/July 2024. The majority have related to allegations of tenancy fraud with a minor banking fraud identified;</p> <p>As above, a fraud risk register recognises the fraud risks faced by local government</p>

## Fraud risk assessment

Question	Management response
<p>4. As a management team, how do you communicate risk issues (including fraud) to those charged with governance?</p> <p>Do you communicate to employees regarding their views on business practices and ethical behaviour?</p> <p>Has there been any fraud raised by employees or other parties?</p>	<p>A counter fraud update report and a separate risk management report is taken twice yearly to the audit and standards Committee. Risk management is also reported twice yearly to the Cabinet.</p> <p>Ethical awareness training was undertaken during 2023/24 by the monitoring Officer and Chief Internal Auditor. Reminders are sent regarding code of conduct and gifts and hospitality compliance using the Corporate Messenger (staff newsletter). The counter fraud policy contains guidance to ensure appropriate communications internally and externally following any fraud detected in order to raise awareness of the consequences.</p> <p>As above, all referrals are logged on the Fraud Log – the only frauds notified to the Chief Internal Auditor by internal sources during the year to date have been in relation to a low value direct debit fraud (identified promptly via bank reconciliation and subject to recovery action) and potential suspicions regarding social housing tenancy/right to buy cases where some intelligence gathering has taken place.</p>
<p>5. Have you identified any specific fraud risks? If so, please provide details</p> <p>Do you have any concerns there are areas that are at risk of fraud?</p> <p>Are there particular locations within Melton Borough Council where fraud is more likely to occur?</p>	<p>The fraud risk register includes procurement related risks; cyber enabled frauds; and internal fraud risks – none of which are considered higher risk for Melton than other local authorities but recognises national trends.</p> <p>There are not any specific locations considered at higher risk of fraud – all officers are subject to the same policies.</p>
<p>6. What processes do Melton Borough Council have in place to identify and respond to risks of fraud?</p>	<p>The council has a Counter Fraud Policy which recognises the pro-active work at the Council to detect fraud and corruption – including participation in data matching (NFI and additional pilots); consideration at audit planning, providing clear reporting lines for concerns and raising awareness of staff.</p>

# Fraud risk assessment

Question	Management response
<p>7. How do you assess the overall control environment for Melton Borough Council, including:</p> <ul style="list-style-type: none"> <li>the existence of internal controls, including segregation of duties; and</li> <li>the process for reviewing the effectiveness the system of internal control?</li> </ul> <p>If internal controls are not in place or not effective 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)? If so, please provide details</p>	<p>Annual Assurance statements are completed by the Senior Leadership team and these are used to compile the Annual governance Statement (AGS). Any control weaknesses identified by management would be picked up through this process. Internal audit also provide assurance though their annual report.</p> <p>These would be set out in the action plan contained within the AGS. Discussions would also be held at the Statutory Officer regular meetings. The internal auditor reports to every Audit and Standards committee meeting on the outcome of audits undertaken since the last meeting and progress to date on the implementation of outstanding audit recommendations</p> <p>The annual Internal Audit opinion forms a key part of the AGS.</p> <p>No</p>
<p>8. Are there any areas where there is potential for misreporting? If so, please provide details</p>	<p>No</p>

## Fraud risk assessment

Question	Management response
<p>9. How does Melton Borough Council 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? Have any significant issues been reported? If so, please provide details</p>	<p>E learning and annual ethical awareness training for staff. With contractors through the procurement process. A specific audit was undertaken in 2020/21 on ethics and equalities. This was to provide assurance over the Council's ethical governance arrangements and compliance with regulations and good practice. The outcome of this audit was that there was good assurance over both the control environment and also compliance with the controls. The committee also receives regular reports on governance including the relevant codes of practice from the monitoring officer. Meetings are regularly held with the internal auditor, S151 officer, MO and the chair and vice chair of the Audit and Standards Committee to discuss in an informal setting various governance matters.</p> <p>There is an up to date whistle blowing policy which is promoted through regular 1 to 1's, team meetings, awareness of the relevant policies and through the council's newsletter</p> <p>As above, the counter fraud policy provides guidance for staff. The fraud log captures details of referrals and outcomes.</p>
<p>10. 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>The fraud risk register recognises the areas assessed as fraud risks – there are no specific posts highlighted as highest risk but it is acknowledged that those with responsibility for procurement, IT access and financial controls are exposed to greater risk and internal controls should manage this risk i.e. segregation of duties on payment runs and approval controls on procurement exercises.</p> <p>In relation to money laundering, higher risks posts are being identified for targeted training – where they are exposed to greater risk / party to transactions which could be at risk – but for fraud, the training is mandatory for all staff.</p>

## Fraud risk assessment

Question	Management response
<p>11. Are you aware of any related party relationships or transactions that could give rise to instances of fraud? If so, please provide details</p> <p>How do you mitigate the risks associated with fraud related to related party relationships and transactions?</p>	<p>No, all returned related party transaction forms are reviewed and no major fraud risks have been identified.</p>
<p>12. What arrangements are in place to report fraud issues and risks to the Audit Committee?</p> <p>How does the Audit 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>There is a bi annual fraud update report and a fraud log is included as part of the annual internal audit report. Any specific high profile reports would be reported separately as appropriate although there have not been any instances of these for some considerable time. The Audit and Standards Committee would be responsible for considering and approving any updates to the relevant policies in this area. regular reports on audits undertaken, their outcome and the implementation of outstanding audit recommendations are also taken to the Audit and Standards Committee.</p>
<p>13. Are you aware of any whistle blowing potential or complaints by potential whistle blowers? If so, what has been your response?</p>	<p>none</p>
<p>14. Have any reports been made under the Bribery Act? If so, please provide details</p>	<p>none</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 Committee, is responsible for ensuring that Melton Borough Council'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 Committee as to whether the body is in compliance with laws and regulations. Where we become aware 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 Melton Borough Council have in place to prevent and detect non-compliance with laws and regulations?</p> <p>Are you aware of any changes to the Borough Council's regulatory environment that may have a significant impact on the Melton Borough Council's 's financial statements?</p>	<p>Legal view – would send to Clive to comment.</p>
<p>2. How is the Audit Committee provided with assurance that all relevant laws and regulations have been complied with?</p>	
<p>3. Have there been any instances of non-compliance or suspected non-compliance with laws and regulation since 1 April 2023 with an on-going impact on the 2023/24 financial statements? If so, please provide details</p>	
<p>4. Are there any actual or potential litigation or claims that would affect the financial statements? If so, please provide details</p>	



## Impact of laws and regulations

Question	Management response
5. What arrangements does Melton Borough Council have in place to identify, evaluate and account for litigation or claims?	
6. Have there been any reports from other regulatory bodies, such as HM Revenues and Customs, which indicate non-compliance? If so, please provide details	

# Related Parties

## Matters in relation to Related Parties

Melton Borough Council are required to disclose transactions with bodies/individuals that would be classed as related parties. These may include:

- bodies that directly, or indirectly through one or more intermediaries, control, or are controlled by Melton Borough Council;
- associates;
- joint ventures;
- a body that has an interest in the authority that gives it significant influence over the Borough 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 Borough Council, or of any body that is a related party of the Borough 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 [type of body]'s perspective but material from a related party viewpoint then the Borough 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.

## Related Parties

Question	Management response
<p>1. Have there been any changes in the related parties including those disclosed in Melton Borough Council's 2023/24 financial statements? If so please summarise:</p> <ul style="list-style-type: none"> <li>the nature of the relationship between these related parties and Melton Borough Council</li> <li>whether Melton Borough Council has entered into or plans to enter into any transactions with these related parties</li> <li>the type and purpose of these transactions</li> </ul>	<p>Following the May 2023 local elections there were a number of changes in elected members so we are expecting a potential change in related parties although none of these are expected to be significant.</p> <p>Until the related party forms are sent out we are unaware of the actual impact at present.</p>
<p>2. What is the nature of the relationships between the entity and the related parties?</p>	<p>MBC doesn't have any directly. Member relations are linked to working with community groups that the council may support</p>
<p>3. What controls does Melton Borough Council have in place to identify, account for and disclose related party transactions and relationships?</p>	<p>Member training / related party annual declarations' register of interests/declarations at meetings on specific reports/discussions</p>
<p>4. What controls are in place to authorise and approve significant transactions and arrangements with related parties?</p>	<p>None outside current approval process which has been reviewed and vetted for robustness in terms of signatures etc required.</p>
<p>5 What controls are in place to authorise and approve significant transactions outside of the normal course of business?</p>	<p>Same controls in place for all transactions</p>

# Going Concern

## Matters in relation to Going Concern

The audit approach for going concern is based on the requirements of ISA (UK) 570, as interpreted by Practice Note 10: Audit of financial statements and regularity of public sector bodies in the United Kingdom (Revised 2020). It also takes into account the National Audit Office's Supplementary Guidance Note (SGN) 01: Going Concern – Auditors' responsibilities for local public bodies.

Practice Note 10 confirms that in many (but not all) public sector bodies, the use of the going concern basis of accounting is not a matter of significant focus of the auditor's time and resources because the applicable financial reporting frameworks envisage that the going concern basis for accounting will apply where the body's services will continue to be delivered by the public sector. In such cases, a material uncertainty related to going concern is unlikely to exist.

For this reason, a straightforward and standardised approach to compliance with ISA (UK) 570 will often be appropriate for public sector bodies. This will be a proportionate approach to going concern based on the body's circumstances and the applicable financial reporting framework. In line with Practice Note 10, the auditor's assessment of going concern should take account of the statutory nature of the body and the fact that the financial reporting framework for local government bodies presume going concern in the event of anticipated continuation of provision of the services provided by the body. Therefore, the public sector auditor applies a 'continued provision of service approach', unless there is clear evidence to the contrary. This would also apply even where those services are planned to transfer to another body, as in such circumstances, the underlying services will continue.

For many public sector bodies, the financial sustainability of the body and the services it provides are more likely to be of significant public interest than the application of the going concern basis of accounting. Financial sustainability is a key component of value for money work and it is through such work that it will be considered.

## Going Concern

Question	Management response
1. What processes and controls does management have in place to identify events and / or conditions which may indicate that the statutory services being provided by Melton Borough Council will no longer continue?	Regular budget monitoring including monthly reporting to SLT / quarterly to members
2. Are management aware of any factors which may mean for Melton Borough Council that either statutory services will no longer be provided or that funding for statutory services will be discontinued? If so, what are they?	Latest forecast shows minor underspend and we have a balanced budget for 2024/25
3. With regard to the statutory services currently provided by Melton Borough Council, does Melton Borough Council expect to continue to deliver them for the foreseeable future, or will they be delivered by related public authorities if there are any plans for Melton Borough Council to cease to exist?	Yes – no plans to stop statutory services
4. Are management satisfied that the financial reporting framework permits Melton Borough Council to prepare its financial statements on a going concern basis? Are management satisfied that preparing financial statements on a going concern basis will provide a faithful representation of the items in the financial statements?	Yes

# Accounting estimates

## Matters in relation to accounting estimates

ISA (UK) 540 (Revised December 2018) requires auditors to understand and assess a body's internal controls over accounting estimates, including:

- The nature and extent of oversight and governance over management's financial reporting process relevant to accounting estimates;
- How management identifies the need for and applies specialised skills or knowledge related to accounting estimates;
- How the body's risk management process identifies and addresses risks relating to accounting estimates;
- The body's information system as it relates to accounting estimates;
- The body's control activities in relation to accounting estimates; and
- How management reviews the outcomes of previous accounting estimates.

As part of this process auditors also need to obtain an understanding of the role of those charged with governance, which is particularly important where the estimates have high estimation uncertainty, or require significant judgement.

Specifically do Audit Committee members:

- Understand the characteristics of the methods and models used to make the accounting estimates and the risks related to them;
- Oversee management's process for making accounting estimates, including the use of models, and the monitoring activities undertaken by management; and
- Evaluate how management made the accounting estimates?

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

# Accounting Estimates - General Enquiries of Management

Question	Management response
1. What are the classes of transactions, events and conditions, that are significant to the financial statements that give rise to the need for, or changes in, accounting estimate and related disclosures?	Income, expenditure, capital and balance sheet transactions
2. How does the Borough Council's risk management process identify and address risks relating to accounting estimates?	The risk management process within the authority will flag up any concerns or issues within services that support the year end closure process and/or provide data ie property valuations
3. How does management identify the methods, assumptions or source data, and the need for changes in them, in relation to key accounting estimates?	Where estimates are provided the Council will rely on a combination of staff knowledge, data and external advisors
4. How do management review the outcomes of previous accounting estimates?	On-going review each time the estimates are considered, taking on board audit comments.
5. Were any changes made to the estimation processes in 2023/24 and, if so, what was the reason for these?	None to date, however they will be reviewed for the statements

## Accounting Estimates - General Enquiries of Management

Question	Management response
6. How does management identify the need for and apply specialised skills or knowledge related to accounting estimates?	An honest assessment of staff expertise/qualifications is taken within the teams, then if required external consultants are approached, i.e. property valuations
7. How does the Borough Council's determine what control activities are needed for significant accounting estimates, including the controls at any service providers or management experts?	Process of ensuring sense-checking on information provided from outside support, e.g. property valuations, then finance and property colleagues will review information provided and not just take on face value.
8. How does management monitor the operation of control activities related to accounting estimates, including the key controls at any service providers or management experts?	Working papers are reviewed
9. What is the nature and extent of oversight and governance over management's financial reporting process relevant to accounting estimates, including: <ul style="list-style-type: none"> <li>- Management's process for making significant accounting estimates</li> <li>- The methods and models used</li> <li>- The resultant accounting estimates included in the financial statements.</li> </ul>	Where estimates are made, then these are based on as factual information as possible, e.g. Analyse Local expertise on business rates valuations.



## Accounting Estimates - General Enquiries of Management

Question	Management response
10. Are management aware of any 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)? If so, what are they?	None
11. Why are management satisfied that their arrangements for the accounting estimates, as detailed in Appendix A, are reasonable?	Satisfied due to the level of expertise from the companies which provide the information to our specification where provided.
12. How is the Audit Committee provided with assurance that the arrangements for accounting estimates are adequate ?	The accounting policies and assurances within the report provided by the S151 officer

## 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?
Land and buildings valuations	Contract to valuation experts	Check & challenge data provided	Yes	Check & challenge data provided	No
Council dwelling valuations	Contract to valuation experts	Check & challenge data provided	Yes	Check & challenge data provided	No
Investment property valuations	Contract to valuation experts	Check & challenge data provided	Yes	Check & challenge data provided	No
Depreciation	Base on life of assets within accounting policies	Reviewed by Supervisor	No	Established working papers, sign off process and based on valuer estimates	No

## 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?
Valuation of defined benefit net pension fund liabilities	Contract to actuary by LCC	Check & challenge	Yes	Check & challenge for key assumptions	No
Level 2 investments	Investment strategy outlines what investments can be made	Daily counterparty information provided to support investments	Yes	Investments made through an agreed process with separation of duties and appropriate approval levels	No
Level 3 investments	Investment strategy outlines what investments can be made	Daily counterparty information provided to support investments	Yes	Investments made through an agreed process with separation of duties and appropriate approval levels	No
Fair value estimates	Provided by Link as our treasury advisors	Use of external experts	Yes	As part of the contract with Link fair value information is provided to support the year end preparation for the accounts	No

## 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?
Provisions	Staff knowledge and use of Analyse Local	Check and challenge of data	Yes	Check and challenge of data provided	No
Accruals	Staff knowledge of their service	Check and challenge of estimates	No	Check and challenge of data provided	No
Credit loss and impairment allowances	Information is proved through Link as part of their investment service	Use of external experts	Yes	As part of the contract with Link fair value information is provided to support the year end preparation for the accounts	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?
Finance lease liabilities	Officer expertise	Training & support provided for lead officer on IFRS16	No, but support provided through external experts such as CIPFA	Estimates have been based on available information, otherwise reasonable assumptions have been used and estimated.	No
PFI Liabilities	N/A	N/A	N/A	N/A	N/A



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