

Informing the audit risk assessment for Epsom & Ewell Borough Council 2020/21



The contents of this report relate only to the matters which have come to our attention, which we believe need to be reported to you as part of our audit process. It is not a comprehensive record of all the relevant matters, which may be subject to change, and in particular we cannot be held responsible to you for reporting all of the risks which may affect your business or any weaknesses in your internal controls. 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.

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Purpose

The purpose of this report is to contribute towards the effective two-way communication between Epsom & Ewell Borough Council's (EEBC) external auditors and the Strategy and Resources' 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 Strategy and Resources' Audit Committee under auditing standards.

Background

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

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

- General Enquiries of Management
- Fraud,
- Laws and Regulations,
- 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 EIBC's management. The Strategy and Resources' 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
1. What do you regard as the key events or issues that will have a significant impact on the financial statements for 2020/21?	Covid-19 is the one key 'event' that will impact the 2020/21 financial statements differently compared to previous years. The Council has experienced reduced income from services, additional expenditure to deal with Covid (PPE, food etc), administered grants to business and individuals, and received government grant funding to mitigate losses.
2. Have you considered the appropriateness of the accounting policies adopted by EEBC? Have there been any events or transactions that may cause you to change or adopt new accounting policies?	<p>Management considers that the accounting policies recommended by CIPFA's Code of Practice remain appropriate for EEBC for 2020/21.</p> <p>From 2021/22, IFRS 16 will impact the accounts and a separate impact assessment will be undertaken for that in advance of the 2021/22 closedown.</p>
3. Is there any use of financial instruments, including derivatives?	We do not use derivatives. The financial instruments used by the Council are unchanged in nature from those reported in the 2019/20 Statement of Accounts (Note 18).
4. Are you aware of any significant transaction outside the normal course of business?	Covid-19 has introduced new transactions, such as administering support grants to businesses and individuals. However these have been processed through the General Ledger in accordance with the normal course of business.

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?	Not at the current time. Our external valuers will assess all investment properties, and other non-current assets due for re-valuation. The external valuers will also provide a market commentary report, which will be used by accountants to determine whether any other assets need to be impaired or revalued.
6. Are you aware of any guarantee contracts?	Management are not aware of any guarantee contracts.
7. Are you aware of the existence of loss contingencies and/or un-asserted claims that may affect the financial statements?	There are no significant insurance claims that could affect the financial statements.
8. Other than in house solicitors, can you provide details of those solicitors utilised by EEBC during the year. Please indicate where they are working on open litigation or contingencies from prior years?	<p>During the year the Council has utilised the following legal firms for the following matters:</p> <ul style="list-style-type: none"> • Trowers & Hamlins LLP – commercial matters • Anthony Collins Solicitors LLP – Monitoring Officer investigations, commercial advice • Cripps LLP – property matters • Ladders Solicitors LLP – highway advice • South London Legal Partnership - litigation matters, data protection, contracts • Tandridge Borough Council – property matters

General Enquiries of Management

Question	Management response
<p>9. Have any of the EEBC service providers reported any items of fraud, non-compliance with laws and regulations or uncorrected misstatements which would affect the financial statements?</p>	<p>No such reports have been received.</p>
<p>10. Can you provide details of other advisors consulted during the year and the issue on which they were consulted?</p>	<p>The Council subscribes to CIPFA's Better Governance Forum to receive regular bulletin/sector updates, but we didn't need to consult them on anything specific in the year. The Council is also a member of the National Anti Fraud Network; the Network identifies and shares potential frauds from across the sector, including around Covid related business grants, for the Council to be aware of.</p>

Fraud

Issue

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

As EEBC'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 Strategy and Resources' 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 Strategy and Resources' Audit Committee oversees the above processes. We are also required to make inquiries of both management and the Strategy and Resources' 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 EEBC's management.

Fraud risk assessment

Question	Management response
<p>1. Have EEBC 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>Senior Management on Leadership Team submit annual 'Divisional Assurance Statements', which provides assurance that any frauds affecting the financial statements would be reported. Management considers that the financial statements are not materially misstated, either due to fraud or for any other reason, due to the process and controls set-out in the response to the next question.</p> <p>The Council ensures that it has in place appropriate internal controls to minimise the risk of fraud, including:</p> <ul style="list-style-type: none"> - Whistle blower policy - Segregation of duties - Internal audit to investigate any high risk fraud areas - Governance Group to review new procedures and update any old ones
<p>2. What have you determined to be the classes of accounts, transactions and disclosures most at risk to fraud?</p>	<p>The Council treats all transactions/accounts/disclosures as similarly at risk of fraud, and as such our internal controls apply to all financial transactions.</p> <p>We are not aware of any instances of fraud, or of any:</p> <ul style="list-style-type: none"> • - Accounts, classes of transactions, or disclosures where fraud risks were identified • - Accounts, classes of transactions, or disclosures where fraud risks are likely to exist

Fraud risk assessment

Question	Management response
<p>3. Are you aware of any instances of actual, suspected or alleged fraud, errors or other irregularities either within EEBC as a whole or within specific departments since 1 April 2020?</p> <p>As a management team, how do you communicate risk issues (including fraud) to those charged with governance?</p>	<p>The Council's policy to prevent fraud is approved by the Strategy & Resources Committee, prior to obtaining approval of full Council.</p> <p>Internal Audit provide regular reports to the Audit, Crime & Disorder and Scrutiny Committee, and any actual instances of fraud would be reported to this Committee.</p> <p>Management are not aware of any instances of actual, suspected or alleged fraud, errors or other irregularities either within EEBC as a whole or within specific departments since 1 April 2020.</p>
<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 EEBC where fraud is more likely to occur?</p>	<p>There is no evidence of any fraud. Management has identified a number of risks relating to the Covid-19 Business Support Grants and fraudulent claims that we monitor through NAFN advice.</p>
<p>5. What processes does EEBC have in place to identify and respond to risks of fraud?</p>	<p>Senior Management on Leadership Team submit annual 'Divisional Assurance Statements', which provides assurance that any frauds affecting the financial statements would be reported. Management considers that the financial statements are not materially misstated, either due to fraud or for any other reason, due to the process and controls set-out in the response to the next question.</p> <p>The Council ensures that it has in place appropriate internal controls to minimise the risk of fraud, including:</p> <ul style="list-style-type: none"> - Whistle blower policy - Segregation of duties, - Internal audit to investigate any high risk fraud areas

Fraud risk assessment

Question	Management response
<p>6. How do you assess the overall control environment for EEBC, including:</p> <ul style="list-style-type: none"> the existence of internal controls, including segregation of duties; and the process for reviewing the effectiveness the system of internal control? <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)?</p>	<p>Senior Management on Leadership Team submit annual 'Divisional Assurance Statements', which provides assurance that internal controls are operating effectively.</p> <p>Internal audit regularly test internal controls/procedures and provide assurance reports to management and Audit, Crim & Disorder & Scrutiny Committee. Any material findings must have a mitigating management action, which is then followed up by internal audit to ensure implementation.</p> <p>We are not aware of any areas where there is override or inappropriate influence over the financial reporting process.</p>
<p>7. Are there any areas where there is potential for misreporting?</p>	<p>The Council has internal controls and procedures in place to ensure the risk of misreporting is low.</p> <p>Internal audit regularly test internal controls/procedures and provide assurance reports to management and Audit, Crim & Disorder & Scrutiny Committee. Any material findings must have a mitigating management action, which is then followed up by internal audit to ensure implementation.</p>

Fraud risk assessment

Question	Management response
<p>8. How does EEBC 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>Messages are communicated to staff through:</p> <ul style="list-style-type: none"> • Staff Group meetings • Corporate Plans • Team meetings • Managers Huddles (subject to Covid) • Feedback at Leadership Teams • Internal Audit • Staff Update publications <p>The processes for contractors are set-out in the relevant contract.</p> <p>The above measures including the Council's Whistleblowing Policy ensure staff can report fraud without prejudice. Staff are expected to report full details of any known fraud.</p> <p>No significant issues have been reported in 2020/21.</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 post involved in financial transactions is considered at risk of fraud or corruption.</p> <p>Risks are managed through having appropriate internal controls, including appropriate authorisation limits for staff and segregation of duties for all financial transactions.</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>There are no known changes to the prior period in terms of our related parties.</p> <ul style="list-style-type: none"> - Senior Management (Leadership Team) are responsible for implementing the Council's policies. Leadership Team will be asked to declare any related party transactions for the 2020/21 accounts. - - Elected Members have direct Control over the Council's strategy and policies. Members are asked to declare any related party transactions; which will be included in the 2020/21 accounts. - The Council has policies in place to ensure related party relationships and transactions must be

Fraud risk assessment

Question	Management response
<p>11. What arrangements are in place to report fraud issues and risks to the Strategy and Resources' Audit Committee?</p> <p>How does the Strategy and Resources' 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>The Council's policy to prevent fraud is approved by the Strategy & Resources Committee, prior to obtaining approval of full Council.</p> <p>Internal Audit provide regular reports to the Audit, Crime & Disorder and Scrutiny Committee, and any actual instances of fraud would be reported to this Committee.</p> <p>Internal audit recommendations must have a mitigating management action. Internal audit follow-up to ensure all actions are implemented, with any outstanding actions reported to the Audit, Crime & Disorder and Scrutiny Committee.</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>Management are not aware of any.</p>
<p>13. Have any reports been made under the Bribery Act?</p>	<p>Management are not aware of any.</p>

Law and regulations

Issue

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 Strategy and Resources' Audit Committee, is responsible for ensuring that EEBC'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 Strategy and Resources' Audit Committee as to whether the entity 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 EEBC have in place to prevent and detect non-compliance with laws and regulations? Are you aware of any changes to the Council's regulatory environment that may have a significant impact on the Council's financial statements?</p>	<p>Senior Management on Leadership Team submit annual 'Divisional Assurance Statements', to provide assurance that laws and regulations have been complied with, and that the control environment is functioning effectively.</p> <p>The Council ensures that it has in place appropriate internal controls to minimise the risk of fraud and regulatory breaches, including:</p> <ul style="list-style-type: none"> - Whistle blower policy - Segregation of duties, - Internal audit to investigate any high risk fraud areas - Governance Group to review new procedures and update any old ones <p>Furthermore, all Committee reports and decisions must have the legal implications documented within the report. All reports are reviewed by a legal officer who adds comments on behalf of the Monitoring Officer.</p> <p>Regarding regulatory changes, the Accounts and Audit Regulations have been updated to amend the target dates for draft and audited accounts to 31 July and 30 September – the authority expects to comply with these new regulations. No other regulatory changes are expected to have a material impact on the financial statements.</p>
<p>2. How is the Strategy and Resources' Audit Committee provided with assurance that all relevant laws and regulations have been complied with?</p>	<p>All Committee reports and decisions must have the legal implications documented within the report; all reports are signed off by the Monitoring Officer.</p>
<p>3. Have there been any instances of non-compliance or suspected non-compliance with laws and regulation since 1 April 2020 with an on-going impact on the 2020/21 financial</p>	<p>Management are not aware of any.</p>

Impact of laws and regulations

Question	Management response
<p>5. What arrangements does EEBC have in place to identify, evaluate and account for litigation or claims?</p>	<p>Heads of Service must submit an annual Divisional Assurance Statement to disclose any litigation or claims, including sufficient details to enable the finance team to judge the appropriate accounting treatment.</p>
<p>6. Have there been any report from other regulatory bodies, such as HM Revenues and Customs which indicate non-compliance?</p>	<p>In 2020, HMRC's Compliance team contacted all election authorities requesting information on the treatment of election expenses for the last four years.</p> <p>When officers investigated the treatment of VAT relating to election expenses since 2016 (the statutory period under investigation), it became clear that election invoices had been processed net of VAT, meaning VAT was not only recovered on election expense claims to the Cabinet Office (or other responsible body), but it had also been recovered on the Council's VAT return to HMRC. The effect of this was that the Council had recovered £50,903 VAT from both government offices.</p> <p>The Council has had to repay the £50,903 over-recovery to HMRC in 2020/21.</p> <p>HMRC issued a penalty of £7,635 for the error, suspended from 20 January to 19 February 2021. The suspension reflects that officers have worked co-operatively with HMRC and implemented internal controls to prevent future over-recovery. The suspension period has lapsed without incident, so the Council does not expect the penalty to become payable.</p>

Related Parties

Issue

Matters in relation to Related Parties

EEBC are required to 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 EEBC;
- 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.

Related Parties

Question	Management response
<p>1. Have there been any changes in the related parties including those disclosed in EEBC's 2019/20 financial statements?</p> <p>If so please summarise:</p> <ul style="list-style-type: none"> • the nature of the relationship between these related parties and EEBC • Whether EEBC has entered into or plans to enter into any transactions with these related parties • the type and purpose of these transactions 	<p>No known changes at the current time. Leadership Team and Members will be required to sign updated Related Party Declarations for the 2020/21 accounts – these will be provided during the final audit.</p>
<p>2. What controls does EEBC have in place to identify, account for and disclose related party transactions and relationships?</p>	<p>The Council has a formal policy on Disclosable Pecuniary Interests</p> <p>Formal declarations for related party transactions are required annually from all Leadership Team officers and all Members.</p>
<p>3. What controls are in place to authorise and approve significant transactions and arrangements with related parties?</p>	<p>Members/Officers with declared related party relationships are not involved in the decision making process for related party transactions.</p>
<p>4. What controls are in place to authorise and approve significant transactions outside of the normal course of business?</p>	<p>All transactions are processed through the normal business procedures.</p>

Accounting estimates

Issue

Matters in relation to Related Accounting estimates

ISA (UK) 540 (Revised December 2018) requires auditors to understand and assess an entity'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 entity's risk management process identifies and addresses risks relating to accounting estimates;
- The entity's information system as it relates to accounting estimates;
- The entity'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 Strategy and Resources' 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 Strategy and Resources' Audit Committee to satisfy itself that the arrangements for accounting estimates are adequate.

Accounting Estimates - General Enquiries of Management

Question	Management response
<p>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?</p>	<p>The main accounting estimates in the financial statements are disclosed in Note 4 to the Statement of Accounts. These are:</p> <ul style="list-style-type: none"> - Property Plant & Equipment accounting - Pension Fund Accounting - NNDR Appeals Provision - Bad Debt Provision <p>Through representation at Leadership Team and Committee meetings, Finance Team become aware of any significant transactions, events or conditions that would require accounting estimates.</p> <p>Senior Management on Leadership Team also submit annual 'Divisional Assurance Statements', which provides assurance that all material transactions, events and conditions, that affect the financial statements, have been captured.</p>
<p>2. How does the Council's risk management process identify and addresses risks relating to accounting estimates?</p>	<p>The Council uses independent and suitably qualified external experts where appropriate.</p> <p>The Council's finance team employs suitably CCAB-qualified accountants to follow CIPFA and IFRS accounting standards when making accounting estimates.</p>
<p>3. How do management identify the methods, assumptions or source data, and the need for changes in them, in relation to key accounting estimates?</p>	<p>Management follows CIPFA's Code of Practice and the accounting standards to make the key accounting estimates.</p>

Accounting Estimates - General Enquiries of Management

Question	Management response
<p>6. How do management identify the need for and apply specialised skills or knowledge related to accounting estimates?</p>	<p>Management follows standard sector practice by using RICS specialists for the valuation of its Property Plant and Equipment, and qualified actuaries for the estimation of the pension fund position.</p> <p>When specific technical accounting advice is required, the Council utilises Ichabods Industries for external advice.</p>
<p>7. How does the Council determine what control activities are needed for significant accounting estimates, including the controls at any service providers or management experts?</p>	<p>The Council provides its RICS property valuers with an engagement letter, setting out the activities that are required. The external estimates/valuations are then reviewed by qualified Council officers, with any unusual or unexpected movements/valuations queried and explanations sought.</p> <p>As a member of the Surrey Pension Fund, Surrey County Council engages the actuary Hymans Robertson LLP to calculate the pension fund position on our behalf.</p> <p>Council officers then review the IAS Results Report for reasonableness of assumptions. Any unusual or unexpected movements/valuations are queried and explanations sought.</p>
<p>8. How do management monitor the operation of control activities related to accounting estimates, including the key controls at any service providers or management experts?</p>	<p>As above, the Council provides its RICS property valuers with an engagement letter, which sets out the activities that are required. The external estimates/valuations are then reviewed by qualified Council officers, with any unusual or unexpected movements or valuations queried and explanations sought.</p> <p>As a member of the Surrey Pension Fund, Surrey County Council engages the actuary Hymans Robertson LLP to calculate the pension fund position on our behalf.</p> <p>Council officers then review the IAS Results Report for reasonableness of assumptions. Any unusual or unexpected movements/valuations are queried and explanations sought.</p>

Accounting Estimates - General Enquiries of Management

Question	Management response
<p>10. 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)?</p>	<p>No. The main accounting estimates in the financial statements are disclosed in Note 4 to the Statement of Accounts. These are:</p> <ul style="list-style-type: none"> - Property Plant & Equipment accounting - Pension Fund Accounting - NNDR Appeals Provision - Bad Debt Provision
<p>11. Are the management arrangements for the accounting estimates, as detailed in Appendix A reasonable?</p>	<p>Yes, our arrangements are reasonable and compliant with accounting standards and CIPFA's Code of Practice.</p>
<p>12. How is the Strategy and Resources' Audit Committee provided with assurance that the arrangements for accounting estimates are adequate ?</p>	<p>The Council's accounts are produced by appropriately qualified accountants and then certified by the CIPFA-qualified S151 Officer.</p> <p>Members can challenge officers on any aspect of the Statement of Accounts at the Strategy & Resources Committee meeting.</p> <p>Internal audit periodically review general and capital accounting arrangements, which provides further assurance.</p> <p>External audit review also provides assurance.</p>

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	As set-out in the accounting policies in the Statement of Accounts - fair value for investment properties, current value or depreciated replacement cost for operational land and properties.	<p>Qualified experts are used to undertake the estimates.</p> <p>Segregation of duties requires two officers to post valuation movements in the general ledger.</p>	Yes – management have used RICS qualified firm Wilks, Head and Eve.	Note 4 of the Statement of Accounts discloses the degree of uncertainty and a high-level sensitivity analysis.	No
Depreciation	As set-out in our accounting policies - typically 50 years for buildings on a straight-line basis.	<p>Qualified experts are used to assess the expected asset life, which is used as the basis for the depreciation estimate.</p> <p>Segregation of duties requires two officers to post depreciation movements in the general ledger.</p>	Wilks, Head and Eve provide the valuations. In addition, officers in the finance team are qualified accountants i.e. experts. We use internal software called Real Asset	Note 4 of the Statement of Accounts discloses the degree of uncertainty and a high-level sensitivity analysis.	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?
NNDR Appeals provision	In accordance with CIPFA's Code of Practice, provisions are calculated based on an estimate of the probable liability.	Management use information provided by the Valuation Office Agency to identify outstanding appeals submitted by businesses.	Management use information provided by the Valuation Office Agency.	Management use past appeal success rates to assist in projecting future appeal success rates.	No
Credit loss allowance	Debtors are assessed annually and for doubtful debts, an allowance is made for expected future credit losses, which factors in the age and recoverability of the debt.	Outstanding debtor balances are monitored through the debtors control account.	Officers in the finance team are qualified accountants i.e. experts.	The estimate is based on expected future credit losses on outstanding debts. A sensitivity analysis is included within Note 4 of the Statement of Accounts.	No
Fair value of loans	CIPFA's Code of Practice sets out the fair value valuation hierarchy that we follow to increase consistency and comparability in fair value measurements and related disclosures.	External, independent experts are used to undertake the estimates.	Link Asset Services provide the estimates.	Benchmark market discount rates - factoring in latest economic conditions - are used to ensure the most reasonable estimate of fair value is produced.	No



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