



Grant Thornton

An instinct for growth™

Informing the audit risk assessment for Staffordshire Commissioner Fire and Rescue Authority 2019/20

Mark Stocks
Director
T 0121 2325437
E mark.c.stocks@uk.gt.com



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.

Table of Contents

Section	Page
Purpose	4
General Enquiries of Management	6
Fraud	8
Fraud Risk Assessment	9
Laws and Regulations	14
Impact of Laws and Regulations	15
Going Concern	17
Going Concern Considerations	18
Related Parties	22
Accounting Estimates	24
Appendix A Accounting Estimates	26

Purpose

The purpose of this report is to contribute towards the effective two-way communication between the Authority's external auditors and the Police, Fire and Crime Commissioner (PFCC), 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 PFCC under auditing standards.

Background

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

This two-way communication assists both the auditor and the PFCC 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 PFCC and supports the PFCC 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 PFCC'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 the Authority's management. The PFCC should consider whether these responses are consistent with his understanding and whether there are any further comments he 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 2019/20?	One of the main pension issues that will remain unresolved at year end relates to the Seargent/McCloud case and the associated remedy. The government will go out to consultation in April/May 2020 to gain feedback on the options that are currently being considered for all public sector schemes that are affected). Whilst there remains significant uncertainty around the remedy the position as at 31 March 2020 will be relatively unchanged from last year.
2. Have you considered the appropriateness of the accounting policies adopted by the Authority? Have there been any events or transactions that may cause you to change or adopt new accounting policies?	The Management have considered the accounting policies. There are no changes to be made.
3. Is there any use of financial instruments, including derivatives?	None.
4. Are you aware of any significant transactions outside the normal course of business?	None



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?	None.
6. Are you aware of any guarantee contracts?	none
7. Are you aware of the existence of loss contingencies and/or un-asserted claims that may affect the financial statements?	The Authority are currently awaiting legal advice from Weightmans regarding 3 pensionable pay matters following High Court judgements last year. This relates to historical pay issues that may be subject to the limitations act. The liability is not expected to be material.
8. Other than in house solicitors, can you provide details of those solicitors utilised by the Authority during the year. Please indicate where they are working on open litigation or contingencies from prior years?	See point above Weightmans are working on potential liability from previous years which relates to pensionable pay.
9. Have any of the Authority'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?	The Service receives legal advice from the Monitoring Officer / Solicitor from Derbyshire FRS. Additional HR is also provided by a specialist who has a contract with the Service.



Fraud

Issue

Matters in relation to fraud

ISA(UK&I)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 PFCC and management. Management, with the oversight of the PFCC, 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 PFCC should consider the potential for override of controls and inappropriate influence over the financial reporting process.

As the Authority'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 PFCC 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 PFCC oversees the above processes. We are also required to make inquiries of both management and the PFCC 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 the Authority's management.



Fraud risk assessment

Question	Management response
<p>1. Have the Authority 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 Authority's risk management processes link to financial reporting?</p>	<p>There is a low risk of material fraud being committed against the Authority. The majority of income is grant funding which is not susceptible to fraud since it can be agreed to precepts and grant notifications. Remaining income is relatively small in value and unlikely to be susceptible to manipulation leading to material error. The majority of revenue expenditure is on payroll and capital expenditure mainly limited to refurbishment fire stations and purchasing fleet vehicles. In addition, arrangements are in place to both prevent and detect fraud, including work carried out by Internal Audit.</p> <p>The Strategic Risk Register incorporates a high level risk associated with future estimates of funding reductions e.g. the impact of the Fair Funding Review / Fire Funding Formula.</p>
<p>2. What have you determined to be the classes of accounts, transactions and disclosures most at risk to fraud?</p>	<p>The classes of accounts that are most at risk to fraud are accounts payable, payroll and procurement; this would include credit card usage and fuel stocks. All of these areas have robust and strict procedural processes which are reviewed by management and internal audit.</p>
<p>3. Are you aware of any instances of actual, suspected or alleged fraud, errors or other irregularities either within the Authority 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 the PFCC?</p>	<p>There are no instances of fraud that have been identified during the year.</p> <p>The management update the Finance Panel with the audit recommendations progress and the internal audit provide the ETAP with updates of their work on fraud prevention and detection.</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 Authority where fraud is more likely to occur?</p>	<p>The majority of assets are fire appliances and stations, these are not at risk of misappropriation. There is a potential that fuel stocks at stations could be stolen but this is not material and therefore does not create an opinion risk. In addition the control over fuel stocks are strong – pumps may only be activated by a key which is fitted to pump nozzles and therefore restricts access to only authorised vehicles. Fuel is also subject to periodic review by Internal Audit and monthly stock takes. The only cash handled is in the HQ canteen but again this is not material and there are strict guidance and procedures around the canteen takings. In addition, this year the canteen have introduced a card payment system which has reduced the cash handling even further.</p>
<p>5. What processes do the Authority have in place to identify and respond to risks of fraud?</p>	<p>Internal Audit include fraud risk in their planning process and alongside management review and separation of duties, act as an effective internal control against fraud.</p>
<p>6. How would you assess the overall control environment for the Authority, including:</p> <ul style="list-style-type: none"> - the process for reviewing the effectiveness the system of internal control; - internal controls, including segregation of duties; exist and work effectively? <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 Service has robust internal controls both built into the financial system, processes that sit outside of the financial system and the scrutiny in place with the governance arrangements. For example, the financial system (integra) is based on roles (each role hold permission to functions within the system, each user is given a selection of roles, therefore each user is restricted to use only those functions that have a business need), the Information Security Officer monitors the audit logs from integra to review key risk areas (supplier set up, bank changes, user password changes etc). We are also mindful of the need to segregate certain duties which we apply. In addition the payroll processing is provided by SOTCC and the pension administration is provided by WYPF.</p> <p>The Service complies with the Financial Regulation and Contract Standing Orders, in addition to other related policies and procedures, which are trained out to new members and are regularly reviewed to ensure they are up to date and relevant. We also adhere to the Transparency Code 2015.</p> <p>The independent scrutiny is offered by a Governance Framework e.g. SGB, Finance Panel, ETAP and PFCP.</p>

Fraud risk assessment

Question	Management response
7. Are there any areas where there is potential for misreporting?	None
8. How do the Authority communicate and encourage ethical behaviours and business processes of it's staff and contractors? How do you encourage staff to report their concerns about fraud? What concerns are staff expected to report about fraud? Have any significant issues been reported?	There is a Counter-Fraud and Corruption Policy and a Whistleblowing Policy in place which explains the procedures to follow. There is a Fraud Watch publication periodically. In additional the Authority has a Cultural Framework embedded within the organisation which identifies the behaviour expected by the officers. Also updates and reminders are included on the iNews which is a weekly staff newsletter. No significant issues have been reported.
9. From a fraud and corruption perspective, what are considered to be high-risk posts? How are the risks relating to these posts identified, assessed and managed?	Those posts that are responsible for elements of credit control (supplier set up, create/amend supplier bank details, run creditor payment runs) and those who have the responsibility to set up new employees on the payroll system. Any individual who has the responsibility to approve credit card spend. To prevent fraudulent behaviour internal controls are established and effective, both system based and manual. This includes the segregation of duties on all significant financial systems and processes.
10. Are you aware of any related party relationships or transactions that could give rise to instances of fraud? How do you mitigate the risks associated with fraud related to related party relationships and transactions?	The PFCC and officers are required to make full disclosure of any relationships that impact on their roles. The disclosure statements for 2018/19 did not identify any potential risk. The 2019/20 will be issued shortly. There are related party transactions to mitigate against.

Fraud risk assessment

Question	Management response
<p>11. What arrangements are in place to report fraud issues and risks to the PFCC?</p> <p>How does the PFCC 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>Governance Framework in place, supported by Financial Regulations etc Governance department in OPFCC</p> <p>ETAP and Finance Panel</p> <p>No issues of Fraud have been reported.</p>
<p>12. Are you aware of any whistle blowing or complaints by potential whistle blowers? If so, what has been your response?</p>	<p>There are no instances of fraud that have been identified during the year.</p>
<p>13. Have any reports been made under the Bribery Act?</p>	<p>There are no reports been made under the Bribery Act during the year.</p>



Fraud risk assessment

Question	Management response
14. How does the Authority protect itself against Fraud in its Group activities?	There are no Group activities

Law and regulations

Issue

Matters in relation to laws and regulations

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

Management, with the oversight of the PFCC, is responsible for ensuring that the Authority'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 PFCC 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 the Authority have in place to prevent and detect non-compliance with laws and regulations? Are you aware of any changes to the Authority's regulatory environment that may have a significant impact on the Authority's financial statements?</p>	<p>The Monitoring Officer for the Staffordshire Commissioner Fire and Rescue Authority is provided by the Chief Executive of the SCO with additional legal support provided by the FRA and the Chief Fire Officer by the Monitoring Officer from Derbyshire Fire and Rescue.</p> <p>The Corporate Governance Framework has been approved which includes Financial Regulations for the Staffordshire Commissioner Fire and Rescue Authority.</p> <p>All papers considered review any legal implications arising from the decision making process, and in addition decision notices that are approved by the Staffordshire Commissioner are signed by the Monitoring Officer and s151 Officer where applicable. The Staffordshire Commissioner also employs a Head of Governance and Assurance within the Commissioners Office.</p> <p>The finance department consists of 3 qualified accountants (CIMA, FCCA & CPFA and ACCA). The department regularly keeps up to date with briefings, publications and bulletins.</p> <p>Financial Officers also attend and participate in various networking groups such as Fire Finance Network, Staffordshire Accounting Group, Staffordshire Chief Finance Officer Group.</p> <p>The Authority has a s151 Officer and a Deputy s151 Officer in-house. The monitoring officer is provided by the PFCC.</p>
<p>2. How is the PFCC provided with assurance that all relevant laws and regulations have been complied with?</p>	<p>The s151 Officer is responsible for preparing the accounting statements in accordance with relevant legal and regulatory requirements.</p> <p>The Monitoring Officer attends the Finance Panel, ETAP and the Strategic Governance Board.</p>

Impact of laws and regulations

Question	Management response
5. What arrangements does the Authority have in place to identify, evaluate and account for litigation or claims?	The Authority has a Strategic Risk Co-ordinator in-house full time who is qualified under AMBCI (Associate Member of the Business Continuity Institute). The Officer monitors and manages the litigation or claims.
6. Have there been any reports from other regulatory bodies, such as HM Revenues and Customs which indicate non-compliance?	None
7. What arrangements does the Authority have in place to prevent and detect non-compliance with laws and regulations within its Group activities?	No group activities.

Going Concern

Issue

Matters in relation to going concern

ISA(UK&I)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
1. Has the management team carried out an assessment of the going concern basis for preparing the financial statements for both the Authority? What was the outcome of that assessment?	The Medium Term Financial Strategy has been produced and approved by the PFCC. This incorporates a 5 year strategic view. The ETAP, SGB and the Police, Fire and Crime Panel have reviewed the underlying assumptions around future council tax strategy, efficiency savings requirements and use of reserves.
2. Are the financial assumptions in that report (e.g., future levels of income and expenditure) consistent with the Authority's Business Plan and the financial information provided to the Authority throughout the year?	Yes, the assumptions are consistent. The Authority has a good track record of delivering savings and effectively managing reserves.



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?	Yes the MTFS incorporates assumptions for known and assumed funding during the next few years. Also assumptions around pay awards and pension costs.
4. Have there been any significant issues raised with the PFCC 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).	None raised, general assumptions are in line and consistent with other FRA's. Wider assumptions around the Pensions Remedy have been discussed with the PFCC as Scheme Manager for the Firefighter Pensions Schemes. It has been agreed to earmark reserves (agreed at £1.8m) to provision against this liability which remains unknown at this time.
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?	The Authority publishes a monthly set of management accounts that incorporates a detailed commentary on financial performance against budget. Cash flow is carefully monitored by the Authority, as are any borrowing requirements. Mitigating action is taken quickly following the identification of areas of overspend that may occur during the year.



Going concern considerations

Question	Management response
6. Does the Authority have sufficient staff in post, with the appropriate skills and experience, particularly at senior manager level, to ensure the delivery of the Authority's objectives? If not, what action is being taken to obtain those skills?	Yes the Authority has an established Principal Management Team. The Chief Fire Officer, Deputy Chief Fire Officer and three Directors (Response, Prevent & Protect, Finance Asset & Resources).
7. Does the Authority have procedures in place to assess their ability to continue as a going concern?	Yes the Authority has a full suite of financial and operational procedure which are referenced and managed by a Policy Officer.
8. Is management aware of the existence of events or conditions that may cast doubt on the Authority's ability to continue as a going concern?	The MTFS is prepared with a 5 year strategic view and within the window of this period the Authority is a going concern.



Going concern considerations

Question	Management response
<p>9. Are arrangements in place to report the going concern assessment to the PFCC?</p> <p>How has the PFCC satisfied itself that it is appropriate to adopt the going concern basis in preparing financial statements?</p>	<p>The MTFS is approved by the PFCC annually. The ETAP, SGB and the Police, Fire and Crime Panel review the underlying assumptions around the future council tax, efficiency saving requirements and the use of reserves.</p> <p>MTFS is supported by cash flow budgets in year.</p>
<p>10. What arrangements does the Authority have in place to ensure that its Group activities are a Going Concern?</p>	<p>No Group activities.</p>

Related Parties

Issue

Matters in relation to Related Parties

Authorities are 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 Authority (i.e. subsidiaries);
- associates;
- joint ventures;
- an entity that has an interest in the Authority that gives it significant influence over the Authority;
- 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 Authority, or of any entity that is a related party of the Authority.

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 Authority's perspective but material from a related party viewpoint then the Authority must disclose it.

ISA (UK&I) 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. What controls does the Authority have in place to identify, account for and disclosing related party transactions and relationships ?</p>	<p>A number of arrangements are in place for identifying the nature of related party and reported value including:</p> <ul style="list-style-type: none"> • At the end of the financial year the PFCC are asked to confirm whether or not they have been involved in or have knowledge of a related party transaction which is defined as “the transfer of assets or liabilities or the performance of services by, to, or for a related party irrespective of whether a charge is made”. If a member has, they are asked to supply details so these can be identified in the statement of accounts. • Maintenance of a register for pecuniary interest in contracts for Officers and Senior Managers requiring disclosure of related party transactions • Review of in-year income and expenditure transactions with know identified related parties from prior year or known history • Review of the accounts payable and receivable systems and identification of amounts paid to/from assisted or voluntary organisations • Review of year end debtor and creditor positions in relation to the related parties identified • Review of minutes of decision making meetings to identify any member declarations and therefore related parties.
<p>2. What arrangements does the Authority have in place to ensure that its Group activities correctly identify and account for related party transactions?</p>	<p>No Group activities.</p>

Accounting estimates

Issue

Matters in relation to Related Accounting estimates

Authority's apply appropriate estimates in the preparation of their financial statements. ISA (UK&I) 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 Authority 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 Authority is using as part of its accounts preparation; these are detailed in appendix A 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 PFCC 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)?	Yes, management are briefed appropriately, by the Deputy Chief Finance Officer, regarding significant accounting estimates and judgements. There are no significant estimates that sit outside of those stated in Appendix A.
2. Are the management arrangements for the accounting estimates, as detailed in Appendix A reasonable?	yes
3. How is the PFCC provided with assurance that the arrangements for accounting estimates are adequate ?	All estimate methodology complies with accounting regulations and good working practice. The Authority adheres to the CIPFA Code of Practice on Local Authority Accounting in the UK. The majority of the internal audit reports achieve a substantial assurance and others a satisfactory assurance which is presented to ETAP on a regular basis. The Statement of Accounts has consistently received an unqualified opinion.

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 valuations	Property, Plant & equipment measured at the purchase price plus any attributable costs. Property is revalued sufficiently regularly, minimum of 5 years, and a Desk Top Exercise is performed periodically.	Consistent application	Yes in Land and Building valuations		No
Estimated remaining useful lives of PPE	PPE assessed on a framework of asset lives, ie Information Technology between 3-5, operational equipment between 5-10, fire appliances between 11–15	Consistent application	No	A review of the NBV held at the point of disposal to assess if the asset life framework is appropriate	No
Depreciation & Amortisation	A charge for depreciation is made for all assets with the exception of land. This charge is calculated using the straight line method.	Consistent application of depreciation method across all assets.	No	The length of the life is determined at the point of acquisition or revaluation according to: •Assets acquired in the financial year are not depreciated until the following financial year. •Assets that are not fully constructed are not depreciated until they are brought into use.	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?
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.	For Building & Land	Valuations are made in-line with the Code and RICS guidance - reliance on expert.	No
Bad Debt Provision	Debtors are reviewed on an individual basis and a provision created in relation to specific debts if required.	The adequacy of this provision is reviewed annually by the Finance Manager.	No	Debtors reviewed on an individual basis and the provision relates to specific debts.	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?
Measurement of Financial Instruments	Financial liabilities are initially measured at fair value and carried at their amortised cost. Annual charges to the CIES for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument. The amount of borrowings presented in the Balance Sheet is the outstanding principal repayable, and interest charged to the CIES is the amount payable for the year in the loan agreement.	Comply with guidance.	No	Comply with guidance	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	<p>The Accounts are prepared on an accruals basis and provision for sums due to or owed by the Authority is included in the accounts where the cash has not actually been received or paid during the year. Income has only been included in the accounts when it can be realised with reasonable certainty.</p> <p>There are certain non-material payments where the accruals concept is not followed. In these cases the authority adopts a receipts and payments basis, reflecting the transactions in the accounts in the year they become due rather than apportioning them over the years to which they may relate.</p>	Review by the Finance Manager	No	Accruals for income and expenditure have been principally based on known values. Where accruals have had to be estimated the latest available information has been used.	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 would made where an event has taken place that gives the Authority a legal or constructive obligation that probably requires settlement by a transfer of economic benefits or service potential, and a reliable estimate can be made of the amount of the obligation.	Charged in the year that the Authority becomes aware of the obligation.	No	Estimated settlements are reviewed at the end of each financial year.	No





Grant Thornton

An instinct for growth™

[grantthornton.co.uk](https://www.grantthornton.co.uk)

© 2020 Grant Thornton UK LLP.

'Grant Thornton' refers to the brand under which the Grant Thornton member firms provide assurance, tax and advisory services to their clients and/or refers to one or more member firms, as the context requires. Grant Thornton UK LLP is a member firm of Grant Thornton International Ltd (GTIL). GTIL and the member firms are not a worldwide partnership. GTIL and each member firm is a separate legal entity. Services are delivered by the member firms. GTIL does not provide services to clients. GTIL and its member firms are not agents of, and do not obligate, one another and are not liable for one another's acts or omissions.