

REPORT TO: Business Efficiency Board
DATE: 24 November 2021
REPORTING OFFICER: Strategic Director – Enterprise, Community & Resources
PORTFOLIO: Corporate Services
SUBJECT: Informing the External Audit Risk Assessment
WARD(S): Borough-wide

1.0 PURPOSE OF REPORT

1.1 To present the draft response to the annual letter from Grant Thornton, the Council's external auditors, regarding their year-end audit of accounts work.

2.0 RECOMMENDATION: That the draft responses shown in the Appendix be provided to the Council's external auditors.

3.0 SUPPORTING INFORMATION

3.1 International Auditing Standards require the Council's external auditors, Grant Thornton, to seek an understanding of how those charged with governance within the Council (ie. the Audit and Governance Board) gain assurance regarding management processes and arrangements, in the context of the year-end audit of accounts.

3.2 The Appendix presents draft responses to a number of questions contained in a letter from Grant Thornton, which it is proposed to provide to assist with the year-end audit of accounts.

4.0 POLICY IMPLICATIONS

4.1 None.

5.0 FINANCIAL IMPLICATIONS

5.1 None.

6.0 IMPLICATIONS FOR THE COUNCIL'S PRIORITIES

6.1 Children and Young People in Halton

6.2 Employment, Learning and Skills in Halton

6.3 A Healthy Halton

6.4 A Safer Halton

6.5 Halton's Urban Renewal

There are no implications for any of the Council's priorities listed above.

7.0 RISK ANALYSIS

7.1 The responses to the questions in the Appendix set out the arrangements that the Council has in place to manage the risk of fraud and to ensure that the Council complies with relevant laws and regulations.

8.0 EQUALITY AND DIVERSITY ISSUES

8.1 None.

9.0 LIST OF BACKGROUND PAPERS UNDER SECTION 100D OF THE LOCAL GOVERNMENT ACT 1972

9.1 None under the meaning of the Act.

Informing the Audit Risk Assessment 2020/21

Auditor Question	Management Response
General Enquiries	
1. What do you regard as the key events or issues that will have a significant impact on the financial statements for 2020/21?	<p>The impact upon Council services of the Covid-19 pandemic during 2020/21 and the levels of related Government specific grant funding.</p> <p>Continuing reductions in the Council's funding through the Comprehensive Spending Review (CSR) Settlement Funding Assessment (SFA) for 2020/21. The lack of certainty for financial planning purposes of only having a one year CSR, SFA and Grant Settlement.</p> <p>Ongoing spending pressures from demanded services and income shortfalls.</p>
2. Have you considered the appropriateness of the accounting policies adopted by Halton Borough Council? Have there been any events or transactions that may cause you to change or adopt new accounting policies?	<p>The Council's accounting policies have been reviewed with only minor amendments being required.</p> <p>There have been no events or transactions which have required changes to or the adoption of new accounting policies.</p>
3. Is there any use of financial instruments, including derivatives?	<p>There is use of financial instruments, but not derivatives. The policy on the use of financial instruments is reported to Council through the Treasury Management Strategy and reviewed through the Treasury Management monitoring process.</p>
4. Are you aware of any significant transaction outside the normal course of business?	<p>Council were responsible in administering a number of business support grants in response to helping the business sector through Covid restrictions. The majority of these grants the Council acted as an agent on behalf of BEIS.</p>
5. Are you aware of any changes in circumstances that would lead to impairment of non-current assets?	<p>As at the valuation date, the Council consider that it can attach less weight to previous market evidence for comparison purposes, to inform opinions of value. Indeed, the response to Covid-19 means that an unprecedented set of circumstances exist on which to base a judgement. Valuations are therefore reported on the basis of 'material valuation uncertainty' as per VPS 3 and VPGA 10 of the RICS Red Book Global.</p>
6. Are you aware of any guarantee contracts?	<p>There are none.</p>

7. Are you aware of the existence of loss contingencies and/or un-asserted claims that may affect the financial statements?	None, other than is what is included in the Statement of Accounts as a provision or contingent liability.
8. Other than in-house solicitors, can you provide details of those solicitors utilised by Halton Borough Council during the year. Please indicate where they are working on open litigation or contingencies from prior years?	<p>Weightmans provided advice in respect of litigated insurance claims. Some of the claims relate to previous financial years.</p> <p>Weightmans primarily and other firms of solicitors, as well as legal Counsel are also utilised by the Council for specific legal matters.</p>
9. Have any of the Council'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?	<p>PWC provided advice on VAT and CIS matters.</p> <p>Aon provided advice as the Council's insurance broker.</p> <p>Link Asset Services provided treasury management advice during the year and provided information on the Financial Instruments note to the accounts.</p> <p>A range of advisors were consulted regarding the Mersey Gateway Bridge.</p>

Fraud Risk Assessment

<p>1. Have Halton 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 Council's risk management processes link to financial reporting?</p>	<p>The Council believes that there is minimal risk that the financial statements may be materially misstated due to fraud. This is because the Council has robust anti-fraud arrangements and the level of internal fraud is consistently low year on year.</p> <p>Staff responsible for preparing the financial statements are appropriately qualified and experienced and there is a rigorous quality assurance process to ensure the financial statements are free from material error.</p> <p>Internal Audit undertakes regular reviews of the core systems which provide the information used for the financial statements. This provides assurance that the systems and information contained therein are robust and there is limited risk of misstatement.</p>
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	<p>The Council has robust arrangements in place for identifying and responding to the risk of fraud.</p> <p>There is an established risk management process and the risk of fraud to the organisation is considered as part of the Council's planning processes. Management Team reviews and monitors the Corporate Risk Register on a regular basis. The Audit & Governance Board also receives regular reports on the Council's corporate risk management arrangements and reviews the Corporate Risk Register. The risk of fraud is specifically acknowledged in the Council's Corporate Risk Register, which also details the measures that the Council has in place to deter fraud. The Audit & Governance Board regularly reviews the robustness of the Council's risk management arrangements.</p> <p>The Council has an established Anti-Fraud & Corruption Strategy, Fraud Response Plan and a Confidential Reporting Code (Whistleblowing Policy). These documents form part of the Council Constitution.</p> <p>Internal Audit considers the risk of fraud in each audit assignment. Internal Audit also undertakes periodic initiatives to raise fraud awareness amongst employees and members.</p> <p>Internal Audit includes a Fraud Team comprising three Fraud Investigator posts. These posts provide dedicated, councilwide fraud investigation resources, to provide greater capacity and resilience to undertake fraud investigations, working closely with Internal Audit colleagues and speeding up the investigation process.</p> <p>As far as is known, these arrangements have been effective in mitigating the risk of fraud and corruption. Levels of identified fraud remain low.</p>
<p>2. What have you determined to be the classes of accounts, transactions and disclosures most at risk to fraud?</p>	<p>Housing Benefit and Council Tax Reduction Scheme claims are considered to be most susceptible to fraud. This is a national issue and not unique to Halton.</p> <p>Other areas at risk of fraud include:</p> <ul style="list-style-type: none"> • Insurance claims against the Council • Procurement

	<ul style="list-style-type: none"> • Supplier invoices • Council Tax – Single Person Discounts • Council Tax Reduction Scheme • Business Rates • Payroll & Pensions • Recruitment • Electoral fraud • School admission application fraud • Direct Payments • Adult Social Care – Financial Assessments • Financial abuse of vulnerable persons • Grants to individuals or organisations • Development control • Cash handling • Expenses • Blue badges and concessionary travel <p>There are also various new fraud risks resulting from the COVID-19 pandemic.</p>
<p>3. Are you aware of any instances of actual, suspected or alleged fraud, errors or other irregularities either within Halton Borough Council 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 Investigations Team is constantly investigating low level fraud. However, there are no allegations of any fraud, errors or other irregularities that would be considered material in terms of the financial statements.</p> <p>The Audit & Governance Board receives regular reports on the Council's corporate risk management arrangements and reviews the Corporate Risk Register. The risk of fraud is specifically acknowledged in the Council's Corporate Risk Register, which also details the measures that the Council has in place to deter fraud. The Audit & Governance Board regularly reviews the robustness of the Council's risk management arrangements.</p> <p>Risk issues identified through the work of Internal Audit are reported to the Audit & Governance Board through regular progress reports.</p> <p>The Audit & Governance Board also receives an annual report on the Council's anti-fraud and corruption arrangements.</p>

	<p>There is also a section in the Council's standard Board reporting template that requires consideration of the risks associated with any decision.</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 Halton Borough Council where fraud is more likely to occur?</p>	<p>Housing Benefit and Council Tax Reduction Scheme claims are considered to be most susceptible to fraud. This is a national issue and not unique to Halton.</p> <p>Other areas at risk of fraud include:</p> <ul style="list-style-type: none"> • Council Tax (Single Person Discounts, Student Exemptions, Non-occupancy) • Business Rates (Reliefs and Exemptions) • Online Banking Transactions • Procurement • Supplier Payment Fraud • Payroll • Grants • Insurance Claims • Travel and Subsistence Claims • Cash Collection and Banking • Schools • Personal Budgets <p>There are also various fraud risks resulting from the COVID-19 pandemic, such as grant support payments to businesses.</p> <p>We do not consider there are any particular locations within the Council where fraud is more likely to occur.</p>
<p>5. What processes does the Council have in place to identify and respond to risks of fraud?</p>	<p>The Council has robust arrangements in place for identifying and responding to the risk of fraud.</p> <p>There is an established risk management process and the risk of fraud to the organisation is considered as part of the Council's planning processes. Management Team reviews and monitors the Corporate Risk Register on a regular basis. The Business Efficiency Board also receives regular reports on the Council's corporate risk management arrangements and reviews the Corporate Risk Register. The risk of fraud is specifically acknowledged in the Council's Corporate Risk Register, which also details the measures that the Council has in place to deter fraud. The Business Efficiency Board regularly reviews the robustness of the Council's risk management arrangements.</p> <p>The Council has an established Anti-Fraud & Corruption Strategy, Fraud Response</p>

	<p>Plan and a Confidential Reporting Code (Whistleblowing Policy). These documents form part of the Council Constitution.</p> <p>Internal Audit considers the risk of fraud in each audit assignment. Internal Audit also undertakes periodic initiatives to raise fraud awareness amongst employees and members.</p> <p>Internal Audit includes a Fraud Team comprising two Fraud Investigator posts and an HR Disciplinary Investigator post. These posts provide dedicated, councilwide fraud investigation resources, to provide greater capacity and resilience to undertake fraud investigations, working closely with Internal Audit colleagues and speeding up the investigation process.</p> <p>As far as is known, these arrangements have been effective in mitigating the risk of fraud and corruption. Levels of identified fraud remain low.</p>
<p>6. How do you assess the overall control environment for Halton Borough Council, 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>The Council's internal control processes are considered to be robust and operating effectively. Internal Audit assesses the adequacy and operation of internal controls plus the risk of fraud, as part of each audit review. Action plans are put in place to address any significant internal control weaknesses identified through the work of Internal Audit, External Audit or any other assurance providers.</p> <p>The results of each Internal Audit review and follow-up reviews are reported to the Audit & Governance Board.</p> <p>An Annual Internal Audit report is presented to the Audit & Governance Board that provides an overall opinion on the Council's risk management, control and governance processes. The 2020/21 report was presented in July 2021 and concluded that the Council's arrangements continue to be robust.</p> <p>The Audit & Governance Board also reviews and approves the Council's Annual Governance Statement, which considers assurances from various sources with regard to the Council's internal control framework.</p>

	<p>We are not aware of any areas where there is a potential for override of controls or inappropriate influence over the financial reporting process</p>
<p>7. Are there any areas where there is potential for misreporting?</p>	<p>We are not aware of any areas where there is potential for misreporting. The processes established for reporting include reconciliations to ensure all costs are included and reconcile to overall control totals. Verification, checking and challenging of figures prior to being reported, ensures there is no risk of deliberate misreporting.</p>
<p>8. How does Halton Borough Council communicate and encourage ethical behaviours and business processes of its staff and contractors?</p> <p>How do you encourage staff to report their concerns about fraud?</p> <p>What concerns are staff expected to report about fraud?</p> <p>Have any significant issues been reported?</p>	<p>The Council's Local Code of Corporate Governance, which forms part of the Council Constitution, sets out the processes in place to ensure that officers behave in ways that exemplify high standards of conduct and effective governance. These arrangements are wide ranging and communicated by Management Team to staff in a variety of ways including; induction procedures, the employee code of conduct, Finance Standing Orders, Procurement Standing Orders, registers of interests, In-Touch staff bulletins, staff letters, registers of gifts and hospitality, whistle-blowing procedures, HR policies and fraud awareness training.</p> <p>E-learning has been used to improve employee awareness of the Bribery Act, Fraud and Corruption, and Information Governance.</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>Those posts having high value levels of delegation are considered higher risk from a fraud and corruption perspective, as well as those dealing with the procurement of contracts.</p> <p>The Council operates a scheme of delegation which ensures that an appropriate structure of financial authorisation is in place, to ensure controls are operated which mitigate any risks.</p> <p>The Council operates robust procurement arrangements, which are overseen by the Procurement Team, to ensure all contracts are procured in accordance with Standing Orders and in an open and transparent manner.</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>A list of related parties are included within the Council's draft 2020/21 Statement of Accounts.</p> <p>We are not aware that any of these relationships or transactions could give rise to instances of fraud.</p>
<p>11. What arrangements are in place to report fraud issues and risks to the Audit and Governance Board?</p> <p>How does the Audit and Governance Board exercise oversight over management's processes for identifying and responding to risks of fraud and breaches of internal control?</p> <p>What has been the outcome of these arrangements so far this year?</p>	<p>The Audit & Governance Board receives regular reports on the Council's corporate risk management arrangements and reviews the Corporate Risk Register. The risk of fraud is specifically acknowledged in the Council's Corporate Risk Register, which also details the measures that the Council has in place to deter fraud. The Audit & Governance Board regularly reviews the robustness of the Council's risk management arrangements.</p> <p>Risk issues identified through the work of Internal Audit are reported to the Audit & Governance Board through regular progress reports.</p> <p>The Audit & Governance Board also receives an annual report on the Council's anti-fraud and corruption arrangements. The Board received the 2020/21 report in July 2021. It provided the Board with</p> <ul style="list-style-type: none"> • A commentary on the fraud risk landscape; • A summary of the fraud investigations from 2020/21; • A summary of the HR related investigations from 2020/21; • A summary of the whistleblowing complaints received and action taken; • An update on the National Fraud Initiative; • Details of fraud investigation related information reported under the Transparency code; • Details of ongoing and planned anti-fraud work; • Details of the review of the Council's suite of anti-fraud related plans and policies. <p>There is also a section in the Council's standard Board reporting template that requires consideration of the risks associated with any decision.</p>

<p>12. Are you aware of any whistle blowing potential or complaints by potential whistle blowers? If so, what has been your response?</p>	<p>The Council has a well-established whistle blowing procedure (the Confidential Reporting Code) and has arrangements in place to deal with any complaints received. All complaints received under the Code are investigated. Internal Audit maintains a record of all whistleblowing complaints received.</p>
<p>13. Have any reports been made under the Bribery Act?</p>	<p>No.</p>
Impact of Laws and Regulations	
<p>1. How does management gain assurance that all relevant laws and regulations have been complied with?</p> <p>What arrangements does Halton 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 Council's regulatory environment that may have a significant impact on the Council's financial statements?</p>	<p>Senior Officers, the Legal Department and Finance Officers are responsible for ensuring compliance with relevant laws and regulations. Internal Audit reviews such arrangements as part of its annual plan of work and report on any non-compliance.</p> <p>The Council also operates whistleblowing arrangements which provide for the safe reporting of any non-compliance with laws and regulations.</p> <p>There have not been any changes to the Council's regulatory environment which would have a significant impact upon the financial statements.</p>
<p>2. How is the Audit and Governance Board provided with assurance that all relevant laws and regulations have been complied with?</p>	<p>The Audit & Governance Board considers the Annual Governance Statement which provides various assessments of compliance.</p> <p>Assurances are also provided by the arrangements operated by the Council's statutory Section 151 Officer and Monitoring Officer and from the Council's Annual Governance Statement.</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 statements?</p>	<p>There have been no such instances of non-compliance or suspected non-compliance since 1 April 2020.</p>
<p>4. Is there any actual or potential litigation or claims that would affect the financial statements?</p>	<p>Only for those where it is possible the liability is with the Council or there is uncertainty over the amounts. These are covered within the contingent liabilities note.</p>
<p>5. What arrangements does Halton Borough Council have in place to identify, evaluate and account for litigation or claims?</p>	<p>Senior Officers, the Legal Department and Finance Officers are requested on an annual basis to consider potential litigation</p>

	<p>and claims. Regular financial reporting and budget monitoring also help with the identification process.</p> <p>Assessments are undertaken by the Revenues & Financial Management Division and decisions taken on how to account for claims in line with accounting standards and the CIPFA Code of Practice. A reserve is set for all insurance claims, in order to quantify the full potential cost of all outstanding claims.</p> <p>Regular meetings take place with service providers that will highlight these events.</p>
6. Have there been any report from other regulatory bodies, such as HM Revenues and Customs which indicate non-compliance?	No.
Related Parties	
1. Have there been any changes in the related parties including those disclosed in Halton Borough Council's 2019/20 financial statements? If so please summarise: <ul style="list-style-type: none"> the nature of the relationship between these related parties and Halton Borough Council whether Halton Borough Council has entered into or plans to enter into any transactions with these related parties the type and purpose of these transactions 	A list of related parties are included within the Council's draft 2020/21 Statement of Accounts. There have been no material changes from those disclosed in the 2019/20 financial statements.
2. What controls does Halton Borough Council have in place to identify, account for and disclose related party transactions and relationships?	A exercise is undertaken annually as part of preparing the Statement of Accounts, to identify potential related party transactions and ensure they are properly accounted for.
3. What controls are in place to authorise and approve significant transactions and arrangements with related parties?	All transactions with related parties are subject to the Council's normal controls over authorisation and approval of transactions.
4. What controls are in place to authorise and approve significant transactions outside of the normal course of business?	There are no transactions outside the normal course of business and all transactions are subject to the normal authorisation and approval controls.
Accounting Estimates	
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?	Property, Plant & Equipment Pensions Liability Provisions

2. How does the Council's risk management process identify and addresses risks relating to accounting estimates?	<p>Consideration is given to such whilst preparing the financial statements. These have been noted in the 2020/21 Statement of Accounts and include:</p> <ul style="list-style-type: none"> • Property, Plant & Equipment • Pensions Liability • Collection Fund Provisions
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>Professional advice is taken with regards to these estimates. The Councils internal valuer provides advice on PPE. Advice on the value of the pensions liability is taken from the scheme actuary. Advice and use of best available data is used with regard to provisions.</p>
4. How do management review the outcomes of previous accounting estimates?	<p>Comparison of values is undertaken between current and prior year. Where material differences apply guidance is sought on the reasons.</p>
5. Were any changes made to the estimation processes in 2020/21 and, if so, what was the reason for these?	<p>None.</p>
6. How do management identify the need for and apply specialised skills or knowledge related to accounting estimates?	<p>Need for specialist skills or knowledge will be considered separately for each class of estimation.</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>Control activities are set out in engagement contracts with service providers or management experts. Control activities will be determined in line with CIPFA Code of Practice and International Accounting Standards.</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>Ensure these are addressed as part of covering reports in receiving estimates from providers or management experts. Clarification sought where there are material differences in estimates between years which has not been addressed.</p>
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"> • Management's process for making significant accounting estimates • The methods and models used • The resultant accounting estimates included in the financial statements. 	<p>Detailed information on each estimate is included within the Statement of Accounts.</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 below)?	None
11. Are the management arrangements for the accounting estimates, as detailed below reasonable?	They are considered reasonable
12. How is the Audit and Governance Board provided with assurance that the arrangements for accounting estimates are adequate?	Use of service providers or management experts where required.

Land and buildings valuation estimate

Question

1. Were any risks identified relating to the material accuracy of this accounting estimate for the financial year and, if so, how were these risks addressed?

2. How do management select, or design, the methods, used in respect of this accounting estimate, including the models used?

Were any changes made to these methods or models in 2020/21, and if so what was the reason for the change?

3. How do management select the assumptions used in respect of this accounting estimate?

Were any changes made to these assumptions in 2020/21, and if so what was the reason for the change?

4. How do management select the source data used in respect of this accounting estimate?

Were any changes made to this source data in 2020/21, and if so what was the reason for the change?

5. Were any specialised skills or knowledge used in respect of this accounting estimates, and if so how were these specialist skills procured?

6. How do management monitor the operation of control activities in relation to this accounting estimates, including the control activities at any service providers or management experts?

7. In management's opinion, are their adequate controls in place over the calculation of this accounting estimate, including those at any service provider or management expert used, and if so how is the robustness of the key controls assessed?

8. Were any changes made to the key control activities this year? If so please provide details.

9. How do management consider the estimation uncertainty related to this accounting estimate and address this uncertainty when selecting the point estimate to use?

10. How do management consider the sensitivity of the estimate to the methods and assumptions used and identify the range of reasonably possible outcomes for disclosure in the financial statements?

Management Response

It was considered as a result of the pandemic material valuation uncertainty continued to be relevant. A note is added to the Statement of Accounts to make the reader aware.

Detail is included in the Accounting Policies to the Statement of Accounts.

No Changes made in 2020/21

Based on professional advice or latest available information.

None

Source data provided by service providers or management experts

None

Yes, specialist skills procured through a thorough procurement exercise.

Ensure these are addressed as part of covering reports in receiving estimates from providers or management experts. Clarification sought where there are material differences in estimates between years which has not been addressed

Yes

None

Based on service provider or management expert advice. Land and buildings are considered a major source of estimation uncertainty and therefore financial impact is included in the Financial Statements based on a ranged increase to the depreciation level applied.

Based on the material value of the asset in question.

Assets held for sale valuation estimate

Question

1. Were any risks identified relating to the material accuracy of this accounting estimate for the financial year and, if so, how were these risks addressed?

2. How do management select, or design, the methods, used in respect of this accounting estimate, including the models used?

Were any changes made to these methods or models in 2020/21, and if so what was the reason for the change?

3. How do management select the assumptions used in respect of this accounting estimate?

Were any changes made to these assumptions in 2020/21, and if so what was the reason for the change?

4. How do management select the source data used in respect of this accounting estimate?

Were any changes made to this source data in 2020/21, and if so what was the reason for the change?

5. Were any specialised skills or knowledge used in respect of this accounting estimates, and if so how were these specialist skills procured?

6. How do management monitor the operation of control activities in relation to this accounting estimates, including the control activities at any service providers or management experts?

7. In management's opinion, are their adequate controls in place over the calculation of this accounting estimate, including those at any service provider or management expert used, and if so how is the robustness of the key controls assessed?

8. Were any changes made to the key control activities this year? If so please provide details.

9. How do management consider the estimation uncertainty related to this accounting estimate and address this uncertainty when selecting the point estimate to use?

10. How do management consider the sensitivity of the estimate to the methods and assumptions used and identify the range of reasonably possible outcomes for disclosure in the financial statements?

Management Response

It was considered as a result of the pandemic material valuation uncertainty continued to be relevant to Property, Plant and Equipment. A note is added to the Statement of Accounts to make the reader aware.

Valuation identified immediately before classification applied as an asset held for sale.

No Changes made in 2020/21

Based on professional advice or latest available information.

None

Source data provided by service providers or management experts

None

Yes, specialist skills procured through a thorough procurement exercise.

Ensure these are addressed as part of covering reports in receiving estimates from providers or management experts.

Yes

None

Not considered a major source of estimation uncertainty.

NA

Depreciation Estimate

Question

1. Were any risks identified relating to the material accuracy of this accounting estimate for the financial year and, if so, how were these risks addressed?

2. How do management select, or design, the methods, used in respect of this accounting estimate, including the models used?

Were any changes made to these methods or models in 2020/21, and if so what was the reason for the change?

3. How do management select the assumptions used in respect of this accounting estimate?

Were any changes made to these assumptions in 2020/21, and if so what was the reason for the change?

4. How do management select the source data used in respect of this accounting estimate?

Were any changes made to this source data in 2020/21, and if so what was the reason for the change?

5. Were any specialised skills or knowledge used in respect of this accounting estimates, and if so how were these specialist skills procured?

6. How do management monitor the operation of control activities in relation to this accounting estimates, including the control activities at any service providers or management experts?

7. In management's opinion, are their adequate controls in place over the calculation of this accounting estimate, including those at any service provider or management expert used, and if so how is the robustness of the key controls assessed?

8. Were any changes made to the key control activities this year? If so please provide details.

9. How do management consider the estimation uncertainty related to this accounting estimate and address this uncertainty when selecting the point estimate to use?

10. How do management consider the sensitivity of the estimate to the methods and assumptions used and identify the range of reasonably possible outcomes for disclosure in the financial statements?

Management Response

There is uncertainty to the Council sustaining spend on maintenance of assets which adds uncertainty to the assets useful life.

Estimated useful lives are applied for each different class of asset. Based on professional advice.

No Changes made in 2020/21

Based on professional advice or latest available information.

None

Source data provided by service providers or management experts

None

Yes, specialist skills procured through a thorough procurement exercise.

Ensure these are addressed as part of covering reports in receiving estimates from providers or management experts.

Yes

None

Based on service provider or management expert advice. Land and buildings are considered a major source of estimation uncertainty and therefore is included in the Financial Statements on the financial impact of a ranged increase to the depreciation level applied.

Based on the material value of the asset in question

Valuation of defined benefit net pension fund liabilities estimate

Question

Management Response

1. Were any risks identified relating to the material accuracy of this accounting estimate for the financial year and, if so, how were these risks addressed?	Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets.
2. How do management select, or design, the methods, used in respect of this accounting estimate, including the models used?	Based on professional advice.
Were any changes made to these methods or models in 2020/21, and if so what was the reason for the change?	No Changes made in 2020/21
3. How do management select the assumptions used in respect of this accounting estimate?	Based on professional advice.
Were any changes made to these assumptions in 2020/21, and if so what was the reason for the change?	None
4. How do management select the source data used in respect of this accounting estimate?	Source data provided by pension actuary (Hymans Robertson LLP).
Were any changes made to this source data in 2020/21, and if so what was the reason for the change?	None
5. Were any specialised skills or knowledge used in respect of this accounting estimates, and if so how were these specialist skills procured?	Yes, pension scheme administered by Cheshire Pension Fund who would have procured the scheme actuary.
6. How do management monitor the operation of control activities in relation to this accounting estimates, including the control activities at any service providers or management experts?	Ensure these are addressed as part of covering reports in receiving estimates from providers or management experts.
7. In management's opinion, are their adequate controls in place over the calculation of this accounting estimate, including those at any service provider or management expert used, and if so how is the robustness of the key controls assessed?	Yes
8. Were any changes made to the key control activities this year? If so please provide details.	None
9. How do management consider the estimation uncertainty related to this accounting estimate and address this uncertainty when selecting the point estimate to use?	Based on professional advice.
10. How do management consider the sensitivity of the estimate to the methods and assumptions used and identify the range of reasonably possible outcomes for disclosure in the financial statements?	Based on the material value of the asset in question

Fair value estimate

Question

1. Were any risks identified relating to the material accuracy of this accounting estimate for the financial year and, if so, how were these risks addressed?

2. How do management select, or design, the methods, used in respect of this accounting estimate, including the models used?

Were any changes made to these methods or models in 2020/21, and if so what was the reason for the change?

3. How do management select the assumptions used in respect of this accounting estimate?

Were any changes made to these assumptions in 2020/21, and if so what was the reason for the change?

4. How do management select the source data used in respect of this accounting estimate?

Were any changes made to this source data in 2020/21, and if so what was the reason for the change?

5. Were any specialised skills or knowledge used in respect of this accounting estimates, and if so how were these specialist skills procured?

6. How do management monitor the operation of control activities in relation to this accounting estimates, including the control activities at any service providers or management experts?

7. In management's opinion, are their adequate controls in place over the calculation of this accounting estimate, including those at any service provider or management expert used, and if so how is the robustness of the key controls assessed?

8. Were any changes made to the key control activities this year? If so please provide details.

9. How do management consider the estimation uncertainty related to this accounting estimate and address this uncertainty when selecting the point estimate to use?

10. How do management consider the sensitivity of the estimate to the methods and assumptions used and identify the range of reasonably possible outcomes for disclosure in the financial statements?

Management Response

None identified.

The fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either:

a) in the principal market for the asset or liability, or

b) in the absence of a principal market, in the most advantageous market for the asset or liability.

No Changes made in 2020/21

As per question 2.

None

From latest available information.

None

Yes, specialist skills (Link asset Services) procured through a thorough procurement exercise.

Ensure these are addressed as part of covering reports in receiving estimates from providers or management experts.

Yes

None

Based on professional advice.

Based on the material value of the asset in question

Provisions Estimate

Question

Management Response

1. Were any risks identified relating to the material accuracy of this accounting estimate for the financial year and, if so, how were these risks addressed?

The impact of Covid adds uncertainty to NNDR appeals.

2. How do management select, or design, the methods, used in respect of this accounting estimate, including the models used?

Model based on historical experience and latest available information.

Were any changes made to these methods or models in 2020/21, and if so what was the reason for the change?

No Changes made in 2020/21

3. How do management select the assumptions used in respect of this accounting estimate?

As per question 2.

Were any changes made to these assumptions in 2020/21, and if so what was the reason for the change?

None

4. How do management select the source data used in respect of this accounting estimate?

From latest available information as 31 March.

Were any changes made to this source data in 2020/21, and if so what was the reason for the change?

None

5. Were any specialised skills or knowledge used in respect of this accounting estimates, and if so how were these specialist skills procured?

None

6. How do management monitor the operation of control activities in relation to this accounting estimates, including the control activities at any service providers or management experts?

NA

7. In management's opinion, are their adequate controls in place over the calculation of this accounting estimate, including those at any service provider or management expert used, and if so how is the robustness of the key controls assessed?

Yes

8. Were any changes made to the key control activities this year? If so please provide details.

None

9. How do management consider the estimation uncertainty related to this accounting estimate and address this uncertainty when selecting the point estimate to use?

Using latest available information and economic conditions relevant at 31 March.

10. How do management consider the sensitivity of the estimate to the methods and assumptions used and identify the range of reasonably possible outcomes for disclosure in the financial statements?

Based on the material value of the asset in question

Accruals Estimate

Question

Management Response

- | | |
|---|--|
| 1. Were any risks identified relating to the material accuracy of this accounting estimate for the financial year and, if so, how were these risks addressed? | None |
| 2. How do management select, or design, the methods, used in respect of this accounting estimate, including the models used?

Were any changes made to these methods or models in 2020/21, and if so what was the reason for the change? | Model based on latest available information.

No Changes made in 2020/21 |
| 3. How do management select the assumptions used in respect of this accounting estimate?

Were any changes made to these assumptions in 2020/21, and if so what was the reason for the change? | As per question 2.

None |
| 4. How do management select the source data used in respect of this accounting estimate?

Were any changes made to this source data in 2020/21, and if so what was the reason for the change? | From latest available information as at 31 March.

None |
| 5. Were any specialised skills or knowledge used in respect of this accounting estimates, and if so how were these specialist skills procured? | None |
| 6. How do management monitor the operation of control activities in relation to this accounting estimates, including the control activities at any service providers or management experts? | NA |
| 7. In management's opinion, are their adequate controls in place over the calculation of this accounting estimate, including those at any service provider or management expert used, and if so how is the robustness of the key controls assessed? | Yes |
| 8. Were any changes made to the key control activities this year? If so please provide details. | None |
| 9. How do management consider the estimation uncertainty related to this accounting estimate and address this uncertainty when selecting the point estimate to use? | Using latest available information and economic conditions relevant at 31 March. |
| 10. How do management consider the sensitivity of the estimate to the methods and assumptions used and identify the range of reasonably possible outcomes for disclosure in the financial statements? | Based on the material value of the asset in question |

Credit loss and impairment allowances / bad debts provisions estimate

Question	Management Response
1. Were any risks identified relating to the material accuracy of this accounting estimate for the financial year and, if so, how were these risks addressed?	None
2. How do management select, or design, the methods, used in respect of this accounting estimate, including the models used?	Model based on latest available information.
Were any changes made to these methods or models in 2020/21, and if so what was the reason for the change?	No Changes made in 2020/21
3. How do management select the assumptions used in respect of this accounting estimate?	As per question 2.
Were any changes made to these assumptions in 2020/21, and if so what was the reason for the change?	None
4. How do management select the source data used in respect of this accounting estimate?	From latest available information as at 31 March.
Were any changes made to this source data in 2020/21, and if so what was the reason for the change?	None
5. Were any specialised skills or knowledge used in respect of this accounting estimates, and if so how were these specialist skills procured?	None
6. How do management monitor the operation of control activities in relation to this accounting estimates, including the control activities at any service providers or management experts?	NA
7. In management's opinion, are their adequate controls in place over the calculation of this accounting estimate, including those at any service provider or management expert used, and if so how is the robustness of the key controls assessed?	Yes
8. Were any changes made to the key control activities this year? If so please provide details.	None
9. How do management consider the estimation uncertainty related to this accounting estimate and address this uncertainty when selecting the point estimate to use?	Using latest available information and economic conditions relevant at 31 March.
10. How do management consider the sensitivity of the estimate to the methods and assumptions used and identify the range of reasonably possible outcomes for disclosure in the financial statements?	Based on the material value of the asset in question

Amounts due under finance lease liabilities estimate

Question	Management Response
1. Were any risks identified relating to the material accuracy of this accounting estimate for the financial year and, if so, how were these risks addressed?	None
2. How do management select, or design, the methods, used in respect of this accounting estimate, including the models used?	Model based on latest available information.
Were any changes made to these methods or models in 2020/21, and if so what was the reason for the change?	No Changes made in 2020/21
3. How do management select the assumptions used in respect of this accounting estimate?	As per question 2.
Were any changes made to these assumptions in 2020/21, and if so what was the reason for the change?	None
4. How do management select the source data used in respect of this accounting estimate?	From latest available information as at 31 March.
Were any changes made to this source data in 2020/21, and if so what was the reason for the change?	None
5. Were any specialised skills or knowledge used in respect of this accounting estimates, and if so how were these specialist skills procured?	None
6. How do management monitor the operation of control activities in relation to this accounting estimates, including the control activities at any service providers or management experts?	NA
7. In management's opinion, are their adequate controls in place over the calculation of this accounting estimate, including those at any service provider or management expert used, and if so how is the robustness of the key controls assessed?	Yes
8. Were any changes made to the key control activities this year? If so please provide details.	None
9. How do management consider the estimation uncertainty related to this accounting estimate and address this uncertainty when selecting the point estimate to use?	Using latest available information relevant at 31 March.
10. How do management consider the sensitivity of the estimate to the methods and assumptions used and identify the range of reasonably possible outcomes for disclosure in the financial statements?	Based on the material value of the asset in question

PFI liabilities estimate

Question

Management Response

- | | |
|---|---|
| 1. Were any risks identified relating to the material accuracy of this accounting estimate for the financial year and, if so, how were these risks addressed? | None |
| 2. How do management select, or design, the methods, used in respect of this accounting estimate, including the models used?

Were any changes made to these methods or models in 2020/21, and if so what was the reason for the change? | Model based on latest available information and information relevant to PFI type schemes.

No Changes made in 2020/21 |
| 3. How do management select the assumptions used in respect of this accounting estimate?

Were any changes made to these assumptions in 2020/21, and if so what was the reason for the change? | As per question 2.

None |
| 4. How do management select the source data used in respect of this accounting estimate?

Were any changes made to this source data in 2020/21, and if so what was the reason for the change? | Information available from PFI contractual documents.

None |
| 5. Were any specialised skills or knowledge used in respect of this accounting estimates, and if so how were these specialist skills procured? | Specialist skills previously provided by KPMG. Acquired through a procurement exercise. |
| 6. How do management monitor the operation of control activities in relation to this accounting estimates, including the control activities at any service providers or management experts? | Model provided by KPMG reviewed on annual basis. |
| 7. In management's opinion, are their adequate controls in place over the calculation of this accounting estimate, including those at any service provider or management expert used, and if so how is the robustness of the key controls assessed? | Yes |
| 8. Were any changes made to the key control activities this year? If so please provide details. | None |
| 9. How do management consider the estimation uncertainty related to this accounting estimate and address this uncertainty when selecting the point estimate to use? | Using latest available information relevant at 31 March. |
| 10. How do management consider the sensitivity of the estimate to the methods and assumptions used and identify the range of reasonably possible outcomes for disclosure in the financial statements? | Based on the material value of the asset in question |