



Please reply to:

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Date: 17 February 2025

Notice of meeting

Extraordinary Audit Committee

Date: Tuesday, 25 February 2025

Time: 7.00 pm (May vary slightly subject to conclusion of Carry-Over Audit Committee scheduled 6.30 -7.00 pm)

Place: Council Chamber, Council Offices, Knowle Green, Staines-upon-Thames TW18 1XB

To the members of the Audit Committee

Councillors:

J. Button (Chair)

J.P. Caplin

P.N. Woodward

K. Howkins (Vice-Chair)

L. E. Nichols

J.R. Boughtflower

H.R.D. Williams

Independent Member: P. Briggs

Substitute Members: Councillors M. Arnold, C. Bateson, M. Bing Dong, T. Burrell and O. Rybinski

Councillors are reminded that the Gifts and Hospitality Declaration book will be available outside the meeting room for you to record any gifts or hospitality offered to you since the last Committee meeting.

Spelthorne Borough Council, Council Offices, Knowle Green

Staines-upon-Thames TW18 1XB

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Agenda

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1. **Apologies and Substitutes**
To receive any apologies for absence and notification of substitutions.
2. **Disclosures of Interest**
To receive any disclosures of interest from Councillors in accordance with the Council's Code of Conduct for members.
3. **2024-25 Accounting Policies Spelthorne Borough Council and its subsidiaries Knowle Green Estates Limited and Spelthorne Direct Services Limited** **To Follow**
To acknowledge the 2024-25 Accounting Policies.
4. **To receive the final Statement of Accounts and Audit Report for 2023-24** **To Follow**
Committee is asked to:
 1. Approve the Statement of Accounts for 2023-24; and
 2. Accept the External Auditor's report and disclaimer opinion.
5. **Action Plans to address Annual Audit Report and Audit Findings Report recommendations** **3 - 26**
To consider Actions Plans for:
 - 1) Responses to the External Auditor's Annual Audit Report for 2023-24 Recommendations and;
 - 2) Responses to the External Auditor's Audit Finding's report for 2024-24

Audit Committee



Date of meeting: 25 February 2025

Title	Action Plans to address Annual Audit Report and Audit Findings Report recommendations.
Purpose of the report	For decision
Report Author	Terry Collier Chief Finance Officer
Ward(s) Affected	All Wards
Exempt	No
Exemption Reason	Not applicable
Corporate Priority	All
Recommendations	<p>Committee is asked to:</p> <p>To approve Action Plans for:</p> <ul style="list-style-type: none"> • Responses to the External Auditor’s Annual Audit Report for 2023-24 Recommendations • Responses to the External Auditor’s Audit Findings report for 2023-24 <p>Agree to add to the Forward Plan for the Committee, as a standing item, updates on progress against the plans to be received at each meeting of the Committee.</p>
Reason for Recommendation	The Council accepts the need to address the issues identified in the two external audit reports and to do so promptly

1. Summary of the report

What is the situation	Why we want to do something
<ul style="list-style-type: none"> • Audit Committee at its meeting on 28th January 2025 received from Grant Thornton, its external auditors, two reports relating to 2023-24, namely: <ul style="list-style-type: none"> • Annual Audit Report (incorporating interim Value for Money conclusions) • Audit Findings Report (focused on Statement Accounts and underlying processes) 	<ul style="list-style-type: none"> • A number of issues have been identified which need to be addressed, in order to rebuild assurance in financial and governance arrangements • To enable a smoother audit process for 2024-25 and to receive improved reports for 2024-25

<ul style="list-style-type: none"> The findings in both reports make challenging reading for the Council 	
This is what we want to do about it	These are the next steps
<ul style="list-style-type: none"> Address the recommendations Significantly improve the Annual Audit Findings report for 2024-25 Agree Action Plans to provide the Committee with reassurance as the actions being undertaken and to enable oversight of progress 	<ul style="list-style-type: none"> Agree the Action Plans Add the Action Plans to the Forward Plan Review progress against the Action Plans at each meeting of the Audit Committee Ensure that the Corporate Risk Register is updated to reflect the agreed Action Plans

1.1 This report seeks to provide councillors and members of the Committee with the opportunity to consider the suggested responses to the recommendations in the two reports and satisfy themselves that they are appropriate.

2. Key issues

2.1 Local authorities are required to have their accounts independently audited annually by external auditors and to receive an annual audit opinion on the effectiveness and efficiency of their arrangements for securing Value for Money.

2.2 For the financial year 2023-24 (and the following four years) Grant Thornton are the external auditors, appointed by Public Sector Auditor Appointments (PSAA), for the Council. Grant Thornton’s work follows on from the impact of the Council being caught under the national backstop arrangements designed to clear audit opinion backlogs. This resulted in 5 years of audit opinions being disclaimed in December 2024 by the previous auditors. As a result the Council’s officers had an extended period where they did not have the experience of annual interaction with the external auditors, and during this period the requirements on auditors, placed on them by regulators, changed. This, combined with the finance team and other teams also dealing with other pressures, such as the Best Value Inspection process, resulted in the team, not dealing as well as they should have done with external audit enquiries.

2.3 Both the Annual Audit Report and the Audit Findings Report make for challenging reading for the Council, and the Committee agreed when it received these reports from the Auditor on 28th January that it needed some time to scrutinise the proposed responses and ensure that they were appropriate, and that it would then expect to receive progress update reports at every meeting of the Committee.

2.4 With respect to the financial recommendations, particularly relating to the Audit Findings reports, it is recognised that with hindsight the Finance team did not have sufficient capacity to deal with the range of pressures it was facing. The initiation of the joint Finance project with Mole Valley had been designed to generate additional resilience but during the early stages it was actually reducing resources to focus on core tasks and the planned improvements in resilience from the partnership had not come to fruition.

Therefore, a key element of the response is a proposed growth bid of £160k to be incorporated into the Revenue Budget for 2024-25. This will include:

- New post of Head of Financial Accounting
- New service accountant post
- For 2024-25 closure process, 60 days of an interim accountant
- Implementation of new Fixed Asset Register Software.
- Current Chief Accountant increasing days from 2 days a week to 3 days a week
- Accountant currently split 50:50 with Mole Valley returning to 100% Spelthorne working
- Joint Financial Services Manager returns to working 100% for Mole Valley.

There will be a restructure of the Finance team to prioritise financial accounting. Alongside this additional refresher training on working papers and journals is being undertaken this month. The Chief Accountant will be looking to have weekly conversions with the Grant Thornton external audit Manager.

2.5 The draft action plans responding to the two reports are attached as appendices. It will be noted that the Action Plans cover all the recommendations made in the report, and reflect the initial management responses which are then broken down into more granular actions. For each action, a responsible officer is identified, along with target completion date. Progress against target dates will be monitored and reported back to each meeting of this Committee. A key measure of progress will be the external audit reports for 2024-25, when they are received in a little under a year's time.

3. Options analysis and proposal

3.1 Option 1 – Agree the attached Actions Plans and agree to receive progress reports at each Committee meeting for the next year.

3.2 Option 2 – suggest amendments to the attached Action Plans and agree to receive progress reports at each Committee meeting for the next year.

3.3 Option 3 – do not accept the action plans.

4. Financial management comments

4.1 The Audit Findings Report is focused on the financial Statement of Accounts and underlying financial processes, and a large element of the Annual Audit Report is also finance focused. The Action Plans seek to address the recommendations made.

5. Risk management comments

5.1 The Annual Audit Report identifies a number of key corporate risks. One of the Key Recommendations relates to reviewing the Corporate Risk Register and aligning it to focus on the risks identified in the report by the auditors. Officers have done an initial review to identify how the Corporate Risk Register could be re-configured, and this is addressed in the Corporate Risk Management report the Committee is considering later on the agenda.

6. Procurement comments

- 6.1 One of the Key Recommendations in the Annual Audit Report relates to Procurement and is addressed in the Action Plan.

7. Legal comments

- 7.1 Pursuant to Section 151 of the Local Government Act 1972 the Council is under a general duty to make arrangements for the proper administration of their financial affairs.
- 7.2 Section 3 of the Local Audit and Accountability Act 2014 requires the Council to keep adequate accounting records and to prepare a statement of accounts in respect of each financial year. The Accounts and Audit Regulations 2015 contain various requirements in relation to the Council's statement of accounts which the Council must comply with.
- 7.3 Audit Committee oversees the Council's financial reporting process, and more particularly it is within the Committee's remit to "Seek assurances that action is being taken on risk related issues identified by auditors and inspectors". This report seeks to provide such assurances in relation to the matters raised within the external auditor's Annual Audit Report.

Other considerations

- 7.4 There are none.

8. Equality and Diversity

- 8.1 Good governance underpins ability to make decisions to address appropriately. The Equality, Diversity & Inclusion (EDI) policy is in place and a full strategy to be developed, However, all projects should have undertaken an equality diversity and inclusion impact assessment to ensure the project meets EDI requirements this is monitored in the implementation of a project. Sustainability/Climate Change Implications
- 8.2 Good governance underpins ability to make decisions to address the challenges of sustainability and climate change.

9. Timetable for implementation

- 9.1 Action Plans to be added to the Audit Committee Forward Plan as standing item

10. Contact

- 10.1 Terry Collier – t.collier@spelthorne.gov.uk ,Paul Taylor – p.taylor@spelthorne.gov.uk.

**Please submit any material questions to the Committee Chair and Officer
Contact by two days in advance of the meeting.**

Background papers:

Annual Audit Report 2023-24
Audit Findings Report 2023-24

Appendices:

Appendix A – Action Plan for Addressing Annual Audit Report Key Recommendations and Improvement Recommendations

Appendix B – Action Plan for Addressing Audit Findings Recommendations

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Appendix A
Annual Audit Report 2023/2024
Key Recommendations

No.	Recommendation	Evidence	Actions agreed by Management	Additional specific actions	Responsible officer	Target completion date	Completion date	Signed off by Committee	RAG status
KR1.1	All financial reports that are relevant to decisions regarding short-term and medium-term planning are accurate and consistent. It should also ensure that the root causes of budget growth are identified and explained to members to ensure accuracy of financial plans.			Finance Team to pro-actively plan ahead using Forward Plan to ensure draft financial reports are produced ahead of Committee deadlines, to allow time for reviewers to consider reports, and for drafts to be circulated to group heads and internal stakeholders sufficiently early. Additional supporting narrative to be provided in future for budget growth bids (with narrative provided for all growth items above an agreed materiality level).	Terry Collier and Paul Taylor	March 24th			
KR1.2	Urgently review the options for the suspended housing projects and assess the impacts for KGE.	The latest outline budget for 2025/26 reported in December 2024 shows the Council balanced in 2025/26 but with larger gaps of £3.7m and £4.8m predicted for 2026/27 and 2027/28 respectively. A further gap is now envisaged in 2028/29 of £6.5m.	KGE has taken recent steps to review the future income streams which the Council hopes will be sufficient to improve the financial viability of KGE.	Development Delivery Programme approved by Council; marketing underway to deliver outcomes for Ashford Victory Place, Ashford Multi-Storey and Thameside House, whilst seeking to maximise affordable housing outcomes. BIG will monitor progress of achieving outcomes on residential/regeneration sites. KGE acquisitions will remain limited to LAHF opportunities. The new business plan for KGE will focus on a new direction of travel with a smaller portfolio of sub 200 properties.	Coralie Holman	Already completed.	Completed due to no further actions being undertaken		
KR1.3	A sustainable business plan for KGE is approved.	At the time of this report the Council has yet to agree a business plan that puts KGE back on a sustainable path.	KGE has taken recent steps to review the future income streams which the Council hopes will be sufficient to improve the financial viability of KGE.	Refreshed medium term business plan to be produced for consideration and approval by KGE Board and CPRC. A draft business plan has been produced for input and refinement by the KGE Board, target completion end of financial year. New Executive Director to be proposed to KGE Board 19/2/25 who will lead on producing refreshed Business Plan	Coralie Holman	31st March 2025			
KR1.4	A sustainable plan for the sinking funds reserve is approved	Report to January CPRC meeting setting out refreshed sinking funds model		Model has been discussed with new independent CASC member. Model to be reviewed by independent consultant Dan Bates (LG Improve). Model to be demonstrated to all councillors especially members of CPRC and CASC with opportunities for scenarios to be explored user functional brief to be produced In light of feedback from councillors model to be refined and reported back to CPRC 24/3/25	Paul Taylor	March 24 th 2025			

KR1.5	Robust plans are approved to address the medium-term budget gaps and to reinstate its transformation programme as a matter of urgency.			CPRC 10th February to agree to add Transformation to terms of reference of Regeneration Board to enable councillors to steer and have oversight of transformation programme alongside Reorganisation. Board to agree prioritisation of transformation and efficiency streams. Years beyond 2027-28 potentially to be addressed by the Reorganisation process.	MAT	10/2/25			
KR2.1	The Council should ensure that the Financial Reporting Working Group is appropriately resourced to enable it to quickly provide guidance and training to officers in report writing. If necessary appropriate training should be given to report writers.	Reports to members are often overly complex, confusing, inaccurate, incomplete or inconsistent.	There has been some movement in this direction but there is more progress to be made. The Group has agreed that refresher training for report writers should be provided and plans are being agreed in this regard. A follow up internal audit can be scheduled in once the updated committee structure has been in place for 12 months (April 2025).	Refresher training for report authors to be run. Report template to be reviewed to simplify and streamline where possible. Enforce timetable for circulation of draft reports to ensure that all stakeholders review and provide input	Linda Heron	End of March 2025			
KR2.2	The Council should consider whether a follow-up internal audit of the implementation of the Committee system should be undertaken and in particular to consider the effectiveness of scrutiny and the timeliness of decision making.	Decisions by members are not always taken with best value in mind.	There has been some movement in this direction but there is more progress to be made. The Group has agreed that refresher training for report writers should be provided and plans are being agreed in this regard. A follow up internal audit can be scheduled in once the updated committee structure has been in place for 12 months (April 2025).	Officers/Audit Committee to discuss with SIAP potential for inclusion in 2025-26 Audit Plan follow up audit of Committee System Officers / Audit Committee to discuss with SIAP potential for commissioning external review of governance and decision making Officers / Audit Committee to discuss whether a dedicated Scrutiny Committee should be established	Linda Heron	End of March 2025			
KR3	The Council should review its strategic risk register to consider risks arising from previous external scrutiny reports as well as procurement and ensure that risks and mitigations reflect the latest position with regard to actions taken. In addition the Council should ensure that realistic timescales are set for implementing actions and ensure that those dates are only exceeded by exception and adequate explanations for delays are recorded. The CASC forward plan should also be updated to include reviews of the investment portfolio risk register	We note from a review of the risk register a number of omissions. A number of actions which have been on the action plan for over four years have still not been completed with many actions having target completion dates exceeded and re-set on numerous occasions without adequate explanation.	It is accepted that a number of the actions relating to the risks on the Corporate Risk Register have been on the register for some time, but this has reflected the ongoing nature of the risks, and the prolonged work needed to try to address the relevant subject area. Several of the risks have remained on the register for a number of years due to changes in the political balance of the Council, leading to a change of policy direction. The Corporate Risk Register will be updated in response to issues arising from this report and from the BVI Report when it is published.	Suggested initial revisions to align Risk Register with key risks identified in Annual Audit Report and Audit Findings to be presented to Audit Committee 25th Feb 2025. Risk Register to be refreshed and outstanding completion dates to be highlighted and addressed.	Lee O'Neil	25/2/25			Amber
KR4	The Council needs to urgently assess the governance and oversight of KGE Ltd in order to avoid conflicts of interest and to conform to best practice.	Governance arrangements with regard to the Council's wholly owned subsidiary KGE does not accord with best practice. There are actual conflicts of interest with senior officers and members in key roles on the company Board.	In December 2024 the Corporate Policy and Resources Committee confirmed that the s151 officer would resign from the KGE Board and that took effect at the beginning of January 2025. To address a) issue of Council representation on the Board, and b) shareholder steer on the future direction of KGE CPRC agreed to set up a Task and Finish	KGE Task and Finish Group to consider Council representation on KGE Board and make recommendations to CPRC KGE Task and Finish Group will also consider whether senior officers can continue to hold key roles in KGE (e.g. the Monitoring Officers as company secretary) and any governance arrangements that need to be put in place CPRC Task and Finish Group to evaluate options for future shape of KGE (continue	Linda Heron	24/3/25 24/3/25			Amber

			Members Group to assess these issues and report back to March 2025 CPRC. Terms of reference for the Task Group are going to 20th January CPRC.	as limited company, become RSL, transfer onto Council Balance Sheet etc)					
KR5	The Council should ensure corporate performance monitoring of its strategic priorities is undertaken and reported to the CPRC or Full Council on a quarterly basis. Directorate and service performance monitoring should support and be linked to the Council's strategic priorities. A robust performance management framework should clearly set out the approach required.	The Council does not have a performance management framework in place by which CPRC or Full Council regularly monitor performance against key corporate KPIs. There was no annual performance report reviewed by CPRC or Full Council in 2023/24.	Members already have ongoing access to the Corporate Plan Action Tracker to monitor progress with priority actions at any time. .An annual report was provided to CPRC for 23/24 but a review of KPIs has been undertaken to ensure they are still fit for purpose in readiness for use, as from 1 April 2025, in a revised system. The new system will be used to provide quarterly KPI reports to CPRC related to corporate priorities and provide a narrative to set the context of the KPIs.	This revised approach ensures KPIs are linked to service plans and the Corporate Plan. KPIs for services are available and key corporate ones will be reported to Committee but service KPIs can be used to monitor service performance and reported to MAT or the relevant service Committee.	Sandy Muirhead	01/04/25			Amber
KR6	The Council needs to implement a system of review and monitoring of all action plans arising from external reviews. Appropriate updates should be provided to the Audit Committee on a quarterly basis.	The Council has failed to secure improvements following external reviews.	We will undertake a review as per the recommendation	Action Plans addressing External Auditors Annual Audit Report and Audit Findings recommendations to be produced and presented to February 25th Audit Committee for approval. Progress against action plan will then be reported to every meeting of Audit Committee. Action plan for Public Interest Report to be refreshed and put in new format and reported to May Audit Committee. Action Plan for CIPFA Review to be produced and presented to May Audit Committee for review	Terry Collier Coralie Holman Terry Collier	25/2/25 Completed	May	Completed	
KR7	The Council should ensure that the necessary changes to procurement and contract management arrangements are put in place to ensure that efficiencies and economies are maximised. The Council should also ensure that suitable performance metrics including regulation/rule breaches and contract waivers are introduced with reporting through to Audit Committee on a quarterly basis.	There is no reporting of contract or procurement metrics to members.	A permanent Corporate Procurement Manager has joined the Council in October 2024. The Council is preparing for the legislative changes arising from the Procurement Act 2023. A Procurement Board is being created comprising procurement, finance, legal and project officers. Terms of Reference for this Board are under discussion and are due to be presented to senior management for approval by the end of January 2025.	Procurement Board to be activated and Terms of Reference approved. Procurement metrics and protocol for reporting to members to be agreed. New systems to be implemented in time for implementation of Procurement Act 2023	Linda Heron and Angie Cochrane	28/02/2025 28/02/2025 24/02/2025			

No.	Recommendation	Evidence	Actions agreed by Management	Additional specific actions	Responsible officer	Target completion date	Completion date	Signed off By Audit Committee	RAG status
IR1	The Council should ensure that it effectively utilises benchmarking to identify how its costs of services compares to similar Councils.	The Council does not effectively use benchmarking to identify how it compares to statistical nearest neighbours in terms of service unit costs	To continue to undertake quarterly KPI reporting but to provide reports to Committees with benchmarking . Benchmarking to continue with near neighbours through the quarterly reporting on a suite of KPIs to Surrey Chief Executive meetings. The Council proposes to use the CFO insights tool going forward and Local Government Data Explorer.	Benchmarking to be embedded into Service Planning process	Sandy Muirhead	26/2/25 1/4/25 1/9/25			

IR2	The Council should ensure the financial implications of the strategies are clearly set out when the strategies are being approved.	The financial implications of each of the Council's strategies is not always as clear as it should be, particularly where decisions have unintended consequences on other parts of the budget. available.	The Electric vehicle Infrastructure strategy was written to provide an overview on the areas of infrastructure the Council could look at. Prior to the writing of the strategy work was done to assess the costs and potential income that could be achieved through the introduction of EV infrastructure on Council properties with good access to the road network. Each project then needs a detailed costed business case before being taken forward.	All draft strategies to be scrutinised for financial implications which will be required to be articulated. Interdependencies of financial implications of different strategies to be considered	Terry Collier	Ongoing			
IR3	The Council should undertake a self-assessment of its Audit Committee arrangements in accordance with CIPFA guidance.	The Audit Committee is formed of seven elected members and one independent member.	In accordance with CIPFA Best Practice Guidance and National Audit Office Guidance the current Independent Member of the Audit Committee was appointed in February 2023 and has since provided constructive challenge and scrutiny. The Council is exploring scope for appointing another independent member to further strengthen the work of the Audit Committee. The current independent member has been a positive contribution to the committee, constructively injecting additional independent challenge.	Undertake a self assessment of the Audit Committee. Consider recruiting a further independent lay member of the Committee; if agreed in principle commence constitutional process (amendments to the Council's constitution, appointment by the relevant Committee).	Terry Collier and Linda Heron	31/03/2025 30/06/2025			
IR4	The Council should further review the implementation of the Centros financial system to ensure that all anticipated benefits are being maximised and if not identify the root cause for this to enable improvements to be made for future budget setting and use of the system by members and officers.	members have access to the system but do not use it preferring to continue to raise questions with officers	The Centros system has been successfully implemented in terms of the upgrade from Integra. Councillors now have access to the whole system to review. The next step, is to implement Business Intelligence, Dashboards and improved communications. This has been delayed for at least 12 months, because of the Mole Valley Partnership and due to the need to switch resources to deal with the BVI process.	The ending of the Mole Valley-Spelthorne partnership will free up more resource and focus on progressing the three year Centros development programme.	Paul Taylor and Jodie Hawkes				
IR5	The Council should closely monitor progress with the Internal Audit Plan for 2024/25 and ensure that the service continues to adhere to PSIAS standards.	New provider for 2024/25. The internal Audit Plan for 2024/25 was only put to the Audit Committee for approval in July 2024	Southern Internal Audit Partnership (SIAP) are one of the largest providers of public sector internal audit in the region. It was unavoidable that at the start of the first year of the service in 2024-25 there would be a bit of delay before the new provider would be able to provide an audit plan. This will not be an issue in future years.	Draft annual audit plan to be considered by Audit Committee ahead of start of 2025-26 financial year	Linda Heron and Terry Collier	31/3/25			
IR6	The Council should ensure that the financial and non-financial performance of its partnering arrangements with key partners are regularly monitored to ensure the arrangements continue to achieve value for money. The Council should also ensure that the impacts on partnering arrangements are considered when making financial decisions.	A decision 'Letter of Support for Knowle Green Estates Ltd' was presented to CPRC as a 'no options' report. The Legal implications state 'no risk' but the extent of those loans (29.5m) is not reported and the potential risks of providing the letter of support are not fully explored.	The Council will address this through the Collaborative Working Review Group, which includes members from all political parties selected from the CPRC.	All proposals for partnership moving forwards will clearly set out financial and non-financial deliverables. These will be reported to Councillors Collaborative Working Group, and included in Project Initiation Documents. The progress against deliverables will be monitored by the relevant Partnership Project Board. (should be recognised that in the context of Reorganisation likely to be fewer newer proposals going forwards as focus will be switching to achieving unitary authorities)	Lee O'Neil				

Appendix B
Audit Findings report 2034/2024

No.	Assessment	Issue and risk	Recommendations	Management response	Additional specific actions	Responsible officer	Target completion date	Completion date	Signed off by Audit Committee	RAG status
AF1	Quality of working papers and clarity of the audit trail	<p>As noted in the summary page, the audit process was hampered by issues with the clarity of the audit trail provided and a substantial number of audit queries back and forth with officers. We have a number of queries for which officers have not responded to us in a timely manner which has impacted the audit conclusion significantly.</p> <ul style="list-style-type: none"> The Council's SOA Template had several mapping errors in the EFA, the Income and Expenditure by Nature and including mapping issues impacting receivables and payables The working papers to support the financial statements were not immediately available and the engagement team had spent a significant amount of time with officers to obtain the appropriate information. Listings for receivables and payables were not immediately available. Listings for additions are cleansed and only have capital additions being recognised in year. NNDR and Council Tax workings and reconciliations not reconciling. Fixed Asset Register did not agree to the financial statements. 	<ul style="list-style-type: none"> Review the process used to produce the year end accounts and identify areas where further improvement needs to be made Ensure that all disclosure have supporting working papers and there is a clear mapping between the general ledger and the financial statements Ensure detailed transaction listing agree to financial statements and cleansed listings are provided. 	<p>We agree to review, ahead of the year end, our year end accounts processes, we will ensure all disclosures have supporting working papers with clear mapping, and detailed transaction listings agreeing to financial statements are provided.</p>	<p>Team Training session on Working Papers and Journals to be run in February. Close of accounts timetable will be pro-actively managed to ensure all working papers prepared on time. All Assets and liabilities balances to be reviewed.</p> <p>All balances to have an identified senior accountant to review- built into the Closedown Plan</p> <p>Listings for receivables and payable addressed as part of Close of Accounts Action Plan with listings to be prepared as supporting evidence.</p> <p>Treasury Management & Technical Accountant working with Collection Fund specialist to ensure monthly monitoring of Collection Fund (Council Tax and Business Rates) and reconciliations produced and reviewed.</p> <p>New Fixed Asset Register software to be implemented to reconcile to the Financial Statements</p>	<p>PT/EG</p> <p>PT/EG</p> <p>PT/EG</p> <p>PJ</p> <p>PT</p>	<p>11/2/25</p> <p>28/2/25</p> <p>31/1/25</p>	31/1/25		

AF2	Review of financial statements	<p>A number of inconsistencies and disclosure omissions were identified during our review of the financial statements. This indicated a lack of internal critical review prior to the financial statements being presented for audit.</p> <ul style="list-style-type: none"> • Cold Review Points raised in March 2024 by external audit to facilitate a smooth audit for 23/24 had not been actioned by officers throughout the audit. If resolved, this would have assisted and informed the accounts process including resolving any significant matters. • Review of the Accounts, a number of points were raised during the audit by the engagement team. Responses were not provided in a timely manner and were still outstanding or unresolved at the time of writing this report. 	<ul style="list-style-type: none"> • Develop a year end timetable for the production of the accounts which include sufficient time for management review. • Utilises the CIPFA checklist to ensure that disclosures are complete and produced in line with code requirements. • Officers review the requirements of the CIPFA code and any changes pertaining to the year under audit. • Officers engage early with external audit, to discuss any matters that have significant financial implication for the council, such as any significant disposals, additions, or unusual accounting transactions, etc 24/25 	<p>We agree to the recommendations. Drafting of a year end timetable is underway, with a complete timetable to be ready by the end of January. We will engage early with the external auditors on any significant issues.</p>	<p>Timetable produced & Chief Accountant and Lead manager setting up weekly meetings with GT Audit Manager</p> <p>Accountants will use CIPFA checklist to check against</p> <p>Senior finance officers to review Code to identify any changes to the Close of Accounts timetable , disclosures, process etc</p> <p>Chief Accountant to seek weekly update meetings with GT Audit Manager</p>	<p>EG</p> <p>PT</p> <p>PT/EG</p> <p>PT</p>	31/1/25	31/1/25		Green
AF3	Bank Reconciliation Process and Cash and Cash Equivalents	<p>As noted in the report, our review of the bank reconciliation process identified that the process in place was overly complex and due to the amalgamation of different general ledger account codes that form part of the bank balance. This made identification of reconciling items and their clearance difficult. There were also other issues identified in our review of cash and cash equivalent</p> <ul style="list-style-type: none"> • 4 bank account confirmations did not have reconciliations <ul style="list-style-type: none"> - 1 bank account as per the General Ledger for Co-Op was closed in 2016 but it has never been reconciled or cleared from the council's accounting records - There are some petty cash balances as per the General Ledger which have not been reconciled or have had no movement in year (therefore 	<p>Perform a review of the bank reconciliation process to simplify the bank reconciliation process and review and clear all old and out of date reconciling items and ensure that amounts included in the reconciliation and the ledger are valid cash items.</p>	<p>We agree to the recommendations. A review of the reconciliation process is being undertaken to simplify the process. This will be done by the end of March, we are in the process of closing bank accounts that are not required and moving balances to one General Ledger code to simplify the main bank account reconciliation. After that, there will be two reconciliation to do for two bank accounts (Main & Assets Accounts)</p>	<p>Bank reconciliation was an is being produced monthly. The issue was there were a few dormant accounts which were not being fed in. These accounts have now been closed</p>	AD	02/03/2025	02/03/2025		Green

		<p>unclear the last time these accounts were reviewed) - Reconciliation process requires improvement to ensure there are appropriate clearing of both receivables and payables from the council's records and balances.</p> <ul style="list-style-type: none"> Without adequate bank reconciliations in place, we are unable to confirm the balance as at 31st March 2024 is fairly stated. In addition, the bank reconciliation also interacts with the payables and receivables balance, ensuring these are up to date and not materially misstated. 								
AF4	Journals and quality of audit evidence	<p>Journal entries are used to post both standard and non-standard transactions in Council's general ledger. Management override of controls of an organisation's records often involves the manipulation of the financial reporting process by recording inappropriate or unauthorised journal entries which may occur throughout the reporting period or at the period end.</p> <p>Our testing of journals identified a number of issues.</p> <ul style="list-style-type: none"> Journals erroneously posted at year end for revaluation adjustments and in some cases crediting the general fund for accumulated depreciation as opposed to the revaluation reserve, writing off assets incorrectly on revaluations that still existed at year end, Quality of audit evidence provided for posting of journals needs improving, so that the trail can be followed through by the approve and creates an adequate audit trail. 	<p>Review their arrangements for journals posted and ensure policies are updated appropriately to reduce the risk of error or incorrect posting of journals. This could be through ensuring people approving the journals understand the purpose of the journal and audit evidence and explanations are provided.</p>	<p>We agree with the recommendations and will improve training to the accountants - Mid February</p>	<p>Training on Journals being run. All Journals will be subject to a review by a senior accountant- system has been changed to facilitate</p>	PT	02/11/2025			Green
AF5	Commercial Rental Income:	<p>Our Review of commercial rental income identified that the Council:</p> <p>The Council has a material income stream from leases. In our review of</p>	<p>The Council needs to put in place appropriate arrangements for the ensuring commercial rental income is accounted for in line with prevalent accounting</p>	<p>The Finance team started accounting for lease incentives in the 2023/24 accounts and included backdated</p>	<p>A review of the rent incentives pre 2023-24 will be carried out.</p> <p>Lease incentives going forward will be clearly communicated to</p>	BH/EG/ Assets	28/02/2025			

		<p>commercial leases we noted that, the Council did not make any revenue accounting adjustment relating to lease incentives embedded within the Council’s operating lease agreements as a lessor in prior years and within the current period as per the requirement in the code. This also needs to be reflected in the accounting policies appropriately to the readers/users of the accounts. The Council will need to undertake an assessment to determine the impact of not accounting for lease incentives. For example, lease incentives are common within commercial properties and take many forms.</p>	<p>standards.</p> <ul style="list-style-type: none"> • Ensure appropriate review of commercial income operating leases (as lessor) and determine impact on revenue recognition. • Ensure the Council updates its accounting policies for operating leases (as lessor) in line with the relevant accounting standard. • Ensure it undertakes a leases audit or review to identify the key information to comply with the requirements of IFRS 16. • Ensure there is a consolidated schedule or working paper folder that summarizes information within the commercial rents income (including lease incentive adjustments, rent reviews etc) and income recognized in year of audit, to facilitate audit being able to audit the information in a timely and efficient manner • Assess the impact of IFRS 15 for those contracts with customers not under scope of lease income i.e. any applicable service charges and other income 	<p>adjustments for prior years to the 2023/24 financial year. We agree to the recommendations, but we have provided evidence of revenue recognition in line with relevant accounting standards.</p>	<p>finance and will be held on an incentives register / schedule on which the year end journal will take place.</p> <p>All incentives as part of the full lease will need to be considered as advised by GT. e.g. if a lease is 10 years but has a break at 5 years, it doesn’t matter, incentive spread over 10 years and if any further incentive is to be given at yr 5, this needs to be considered from the start.</p>				
AF6	IFRS 16 Implementation:	<p>The CIPFA Code has deferred IFRS 16 for local authorities for a number of years. However, most local authorities will be implementing IFRS 16 in 2024/25. There are a number of disclosure requirements which councils are required to make prior to implementation. The Council opted to adopt IFRS 16 voluntarily in 23/24. However, from our review of the accounts, this was not clearly disclosed in the financial statements and our review of the Council’s working papers identified issues over completeness and accuracy of the</p>	<p>We would recommend the Council, reverse its work on IFRS 16 and undertake a detailed review in 24-25, in the year, the CIPFA code expects all Local Authorities to implement the new accounting standards. In preparation for the audit of leases accounted for under IFRS 16 the Council may need to review the following:</p> <ul style="list-style-type: none"> • identified all leases within the public sector adaptation of IFRS 16 where they are a 	<p>We agree to the recommendations to add disclosure notes . Our working paper in respect of the refuse vehicles complies with the points raised by GT. We have the peppercorn leases and identified one significant, but not material lease and therefore, will include these in 2024-25.</p>		EG/PT	2023-24 accounts disclosures 5/2/25. Peppercorn rents in 2024-25		

information. Accounting Policies did not reflect the current adoption of IFRS 16 and disclosure requirements.

- lessee (this includes peppercorn rentals)
- identified all leases within the public sector adaptation of IFRS 16 where they are a lessor
- identified all leases where they are an intermediate lessor and reassessed whether they are operating or finance leases using the period and value of the head lease rather than the life and value of the underlying asset in the assessment
- the following information for each lease:
 - Unique reference
 - Location of lease documentation
 - description and class of underlying asset initial cost of right of use asset, commencement date of lease
 - expiry date, non-cancellable /enforceable term
 - options to extend (when, cost, likelihood to be applied)
 - options to terminate (when, cost, likelihood to be applied)
 - payment pattern(e.g. advance /arrears, monthly /quarterly/ annual)
 - residual value guarantee if any, initial direct costs
 - lease incentive amount, upfront payments, estimate of rehabilitation costs (dilapidation provision)
 - interest rate implicit in the lease / council incremental borrowing rate
 - any non -lease components, rent review dates, lease modifications

			We recommend the Council reverses its 23-24 IFRS 16 entries and look to implement this in 2024-25 in line with most public sector bodies.							
AF7	Accounting for Pooled Investment Funds	As part of the review of the financial statements, we note the council had pooled investment funds and we requested management review the classification and accounting treatment of its investments.	Management need to undertake a review of its pooled investment and consider the classification of the pooled investments as to whether they come under the scope of IFRS9.	We agree to the recommendation, however it should be noted that since a decision by Council in October 2024, the Council has been drawing down its pooled funds with the majority of funds now closed with only fund (value of £2.5m currently showing a £370k valuation gain) likely to be still open at 31/3/24 before it is closed in summer of 2025. This will mitigate the impact of IFRS9 on the Council. Moving forwards, we will not have any pooled funds to review.	As it will take 6 months to receive the funds from draw down we will need to take this into account in 2024-25. Thereafter will cease to be applicable	PJ/EG	31/05/2025			
AF8	Group Accounts (Consolidation Process and Accounting Disclosures)	In our review of the Group Accounts, the Council's Group Accounts, we identified a number of weaknesses relating to the group consolidation process. We were provided with a basic spreadsheet of the council's group consolidation but no supporting evidence workings. In our review we noted: Errors noted within the Group Movement In Reserves Statement. Missing disclosure misstatements (missing material notes to the accounts, i.e EFA PPE Note, Investments, Receivables, Payables, and potentially provisions, unusable reserves)	Management should review and address the findings in our review of the 23/24 financial statements. These matters should be addressed prior to completion of the 24/25 financial statements, with responses shared with the auditors on expected treatment of each of the issues identified to avoid these issues being rolled forward into 25/26 financial statements unaddressed. This will facilitate a smooth and efficient audit group accounts preparation and audit process. We have set for this action to be addressed by March 2025.	We agree to the recommendation. Chief Accountant will address in 2023-24 Draft Statement of Accounts by the end of February 2025.		PT	11/02/2025			

AF9	Group Accounts (Agreements and Accounting)	<p>In our review of the Group Accounts, we requested management to provide us with a briefing paper which included the accounting treatment and supporting evidence (i.e. agreements in place between the council and its subsidiaries). We need to understand the relationships between the Council (as parent) and its components.</p> <p>In addition, briefing papers were also requested relating to the accounting treatment of the following:</p> <ul style="list-style-type: none"> Loans (long term and short term) advanced to its subsidiaries and how these are accounted for between the two components Asset disposed by the Council to its subsidiaries and how these are accounted for by both the Council and the subsidiaries Deferred Capital Receipts within the accounts of the council and how these are being accounted for Whether Minimum Revenue Provision is being extended to these assets and loans. <p>There is a risk that transactions between the Council and its Subsidiaries are not being appropriately accounted for i.e. noting the substance of the transaction over form. There is a risk</p>	<p>Management should review our briefing paper and provide responses to our queries as to whether the Council has appropriately considered the accounting treatment of transactions between the Council and its subsidiaries including evidence to support the entries. There may potentially be complex arrangements and accounting considerations not being appropriately reflected within its agreements. We would prefer a set of responses to be provided to us by March 2025.</p>	<p>We agree to the recommendation (note the typo in the recommendation) to be completed by end of February 2025.</p>	<p>Complete the briefing paper</p>	<p>PT</p>	<p>28/02/2025</p>			
AF10	Collection Fund (Business Rates and Council Tax)	<p>During the audit, we were not provided with adequate working papers that reconciled the collection fund entries. This included an appropriate reconciliation between the General Ledger and the Academy System for the financial year 23/24. The Collection Fund entries should be reconciled to the appropriate reports from the system, and these entries should also be updated and reconciled to the General Ledger. There should also be a further reconciliation from the sub-system to the NNDR3 report.</p>	<p>We recommend that the Council undertake a review of its collection fund workings for 23/24 (and potentially prior years). There needs to be adequate reconciliation undertaken between the system and the general ledger and collection fund entries disclosed in the accounts. Collection Fund workings should follow, guidance as per the Code. In addition, we recommend, provide information pertaining to reliefs applied to accounts in a timely manner.</p>	<p>The Council has taken steps to strengthen its Collection Fund Account monitoring bringing a sector expert who will support the in-house team on a one day a week basis during 2025, with a remit to improve monitoring, improve working papers and build internal expertise and resilience .</p>	<p>Revised NNDR 3 to 2023-24 submitted in February, going forward monthly revenue monitoring of the collection fund will take place</p>	<p>PJ</p>	<p>5/2/2025 & 28/2/25</p>	<p>05/02/2025</p>		

		In addition, we were unable to complete our review of the reliefs applied to business rates and council tax accounts. This information was not provided in a timely manner by council staff.							
AF1 1	Fixed Asset Register	<p>A Fixed Asset Register (FAR) is a detailed list of all fixed assets which are owned by a business. Its main purpose is to enable an organisation to accurately record and maintain both financial and non-financial information pertaining to each asset. The FAR is supposed to be reconciled to the general ledger on an annual basis as part of the closed process and it is also used by the Council's valuer to undertake the annual valuation exercise. Several issues were identified in reviewing the council's property plant and equipment balance and investment properties in the FAR.</p> <ul style="list-style-type: none"> • The layout and structure of the FAR was difficult to understand and the structure, and there were assets noted in the FAR with negative revaluation reserves. • Opening Reconciliations –our review of the opening FAR didn't reconcile to the accounts. A number of different versions of the FAR were provided during the audit. • Disposals – while no disposals were disclosed in the accounts, we identified some assets that were disposed in year and some assets that no longer exist. • Additions – we noted instances of revenue costs that had been capitalised that will require review. • Classification/Reclassification – we noted issues with classification of certain assets, and a lack of clarity over the purpose the Council were holding the assets which could impact the valuations undertaken. 	<p>Establish a process to perform and annual review of assets to ensure that all disposals and reclassifications are amended</p> <p>The Council should review its FAR and determine whether it is fit for purpose, and ensure its layout is appropriate. The FAR provided for audit was on spreadsheet, and therefore it was unclear what controls exist over the data (i.e. who can amend and change data).</p> <p>Council should review its FAR revaluation reserves and impairments and ensure those are appropriate and no negative Revaluations Reserves exist</p> <p>A regular process should be put in place for ensuring the FAR is kept up to date, including a process for updating for additions and disposals occurring during the year.</p> <p>Review the accounting treatment of properties bought on behalf of another party or parties or Asset Under Construction being built on behalf of another party and the business rationale (i.e. is it for service provision or investment income, surplus asset, or is it for specific purchase and sale or other reasons).</p>	<p>We agree to the recommendation. To assist in addressing improvements to the Fixed Assets Register the Finance team will revert to progressing, as a matter of urgency, the procurement and implementation of a Fixed Assets software.</p>	<p>While we wait for the software package to be implemented, Officers will review and agree the Fixed Asset Register to the GL</p>	PJ	28/02/2025		

		<ul style="list-style-type: none"> Useful Asset Lives – the asset lives within the FAR drive the depreciation used by the council including potentially MRP. We had no assurance over the values. 								
AF1 2	PPE & IP Revaluations	<p>The Council has not had an audit for 5 years. We note from our review of the revaluations that some assets were not revalued in year, as management have made a judgement that assets below a certain threshold are not to be revalued every year. The requirements from the Code and Financial Reporting Council have increased over the last 5 years. Also, the Council needs to ensure it holds up to date floor areas for all its assets and any discrepancies are appropriately follow-up on and documented.</p>	<p>Following on from the above issue, undertake a full review of its assets in the FAR and confirm their existence (this work should be documented to enable audit trail and follow-up). In addition, we recommend the Council undertakes a full review of its assets in 24/25 for both the Council and Group assets (including reviewing and addressing our findings from our review of their valuations of Investment Properties and Property Plant and Equipment) to ensure these matters are appropriately addressed and to help facilitate timely report and an efficient audit.</p>	<p>We agree to the recommendation. To assist in addressing improvements to the Fixed Assets Register the Finance team will revert to progressing, as a matter of urgency, the procurement and implementation of a Fixed Assets software.</p>	<p>Finance will liaise with Assets colleagues to ensure that all the floor area and other information is up to date and available</p>	PJ/Assets	31/03/2025			
AF1 3	Receivables and Payables	<p>While undertaking the substantive testing of debtors and creditors, we requested management to provide a detailed transaction listing for receivables and payables as at the balance sheet date. We were informed that this was not possible as, only the account code balances could be produced. Therefore, we had to select specific account balances from the listing of codes provided which is not in line with our audit approach and resulted in additional time and delays to our review.</p> <p>- There were balances within Debtors that had a credit balance and there were balances with Creditors that had a debit balance. It was unclear whether these balances are required to adjust relevant account balances or not but these were adjusted by management.</p> <p>- We noted differences between the sub-listings provided for the debtors</p>	<p>Perform review of the debtor and creditor account codes to ensure that balances are appropriate and valid and clear those that are not.</p> <ul style="list-style-type: none"> As part of working papers provided to the audit team, debtors and creditors provided for audit should have a detailed transaction listing supported with clear audit trails to avoid delays. Establish a reconciliation process for all debtors and creditor accounts to ensure the balances are fully supported and valid debtors or creditors (removal of in year balances not impacting the closing balance) Account Codes should be reviewed and ensure they valid debtors and creditors at year end and appropriate reconciliations done to 	<p>We agree with the recommendations.</p>	<p>Addressed in 2024-25 audit plan and discussions with budget managers</p>	Service Accountants and Budget Managers	31/03/2025			

		and creditors and the relevant account code balances.	ensure the GL and Control Accounts reconcile.							
AF1 4	Debtors Testing	<p>The Council has a significant number of commercial rents income. Our review of the lease incentives, noted that management only started accounting for lease incentives in 23/24 (no accounting had been in place in prior periods), which potentially means income in the prior period was not being smoothed out on a straight-line basis or in a systematic method as required by the standard IAS 17 and subsequently IFRS 16 in 24/25. Therefore, there is a risk that debtors is potentially materially misstated and we have no assurance or expected impact due to inadequate record keeping or tracking of income.</p> <p>In addition, our testing of receivables and payables testing, we understand, the council bills commercial rents in advance on a quarterly basis to commercial lease holders, one of the quarterly billing takes place in March. The Council uses Cushman and Wakefield's as its agent and there are scenarios whereby tenants may have paid Cushman & Wakefield for the following period that requires an adjustment to the tenants account, i.e. debtor being cleared and deferred income or liability being recognised. While the does adjust accounts at year end, this is based on when Cushman & Wakefield notifies the Council and the timing of those payments</p>	<p>The Council should undertake a detailed review and assessment of its commercial leases and appropriately adjust income in line with the requirement of the standard and corresponding debtor is reflected on the balance sheet through out the length of the lease.</p> <p>The Council needs to put in place robust arrangements at year end to ensure receivables or deferred income on the council's balance sheet is fairly stated and ensuring the Council's cash position is correctly adjusted for.</p>	We agree with the recommendations.	Addressed in 2024-25 audit plan and discussions with budget managers	Service Accountants and Budget Managers	31/3/25			

<p>AF1 5</p>	<p>Trade Payables.</p>	<p>In our review of creditors, we noted a balance that was unsupported relating to Covid-19 Grants potentially payable back to MHCLG, but no record keeping was provided to prove whether this was a payable or not (i.e. we would have expected a record of the grant provided and corresponding expenditure against the grant to arrive at the amount outstanding). This balance and other similar balances on the council's</p>	<p>In addition to the issue noted on working papers being inadequate. Arrangements should be put in place to review balances on the Council's general ledger that have been rolled forward for a number of years and ensure these are matched to subsequent payments or appropriately cleared.</p>	<p>We agree with the recommendations. A review will take place on the £2.4m balance prior to the year end 2024-25</p>		<p>BH</p>	<p>31/03/2025</p>			
		<p>ledger will need to be reviewed.</p> <p>Management have proposed to adjust the payables balance upwards by £2.4m for debit balances that they've informed us should have been debtors. In addition, there were additional errors that required adjustments to the payables balances. We were unable to obtain assurance over the payables from our testing.</p>								
<p>AF1 6</p>	<p>Minimum Revenue Provision.</p>	<p>Based on our review of the MRP from the limited information we have been provided by officers and fact we have no background information or audited prior years, there is a risk that the council's MRP is understated as it currently charges 1% of its CFR against an industry benchmark of 2%.</p> <p>The annuity method defers the MRP charges towards the future, therefore, they will be greater charge or burden to the Council's General Fund, and particularly if benefits from assets acquired does not materialise as projected.</p> <p>We have seen recent examples within the public sector of council's who have not appropriately charged MRP and the associated financial challenges this creates.</p>	<ul style="list-style-type: none"> • Management provide a briefing paper to audit, including evidence of the advice and associated reports and information provided by their adviser (Arlingclose) historically and currently (at present) including management's review of the outputs, clearly setting-out their own judgement and rationale for the key assumptions and inputs. This analysis clearly document the MRP applied on an asset by asset level and why it deems this appropriate and prudent. • We recommend this information be shared with members, for them to be informed of the key judgements and assumptions management are making and overall impact to the financial sustainability of the Council. • A clear review of the asset lives adopted by the Council within its MRP calculations from a qualified professional and how these align 	<p>We agree to the recommendations- more information will be provided on MRP in future for councillors.. Given that the Council in line with one of the options under the guidance is using the annuity method and that the Council's debt was all taken out relatively recently mainly in the period 2016-18 it is not surprising that at this stage the annual MRP percentage is below 2% but under the annuity method it increases each year and ensures ultimately the full MRP is made. Whilst correct that MRP in future years will be greater at the same interest payments (particularly given rate of interest is</p>		<p>PJ/BH/EG</p>	<p>31/03/2025</p>			

		<p>to the Council’s asset strategy and current MRP asset lives.</p> <ul style="list-style-type: none"> • Undertake a sensitivity analysis of applying different inputs and assumptions to the MRP model and expected impact and provide explanations on why the current inputs/assumptions are appropriate. • Resolve the Fixed Asset Register issues noted in this report and inconsistencies in AUC – which are not being charged MRP as per the policies adopted. • Assess the impact of not currently AUC currently delayed or being disposed off (originally acquired via borrowing). • Assess the impact of not charging MRP for loans advanced to third parties and subsidiaries for capital purpose. • Provide the workings and any advice provided by Arlingclose on the over-provision applied in 21/22 being recovered in future years. • Consider reviewing and assessing the impact of the new MRP guidance that will come into effect from 1st April 2025. <p>In addition to the MRP policies adopted by the council being shared with members on an annual basis, management should provide greater details for members on the key inputs and assumptions driving the MRP calculations for the Council and provide the profiling of expected General Fund impact for future years and income projections from associated investments underpinned by robust projections and assumptions.</p>	<p>fixed) will fall so the two elements broadly balance each other out. Arlingclose have been working with the Finance team over the last few years and have reviewed our work and confirmed that our figures are correct. They are currently working on a review of MRP and linking this to the CFR and Liability benchmark.</p>							
AF1 7	Minimum Revenue Provision.	Based on our review of the MRP from the limited information we have been provided by officers and fact we have no background information or audited prior years, there is a risk that the council’s MRP					PJ/BH/EG	31/03/2025		

is understated as it currently charges 1% of its CFR against an industry benchmark of 2%.

The annuity method defers the MRP charges towards the future, therefore, they will be greater charge or burden to the Council's General Fund, and particularly if benefits from assets acquired does not materialise as projected.

We have seen recent examples within the public sector of council's who have not appropriately charged MRP and the associated financial challenges this creates.



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