

Audit Adjustments - Unadjusted

Impact of unadjusted misstatements

The table below provides details of adjustments identified during the 2018/19 audit which have not been made within the final set of financial statements. The Audit and Governance Committee is required to approve management's proposed treatment of all items recorded within the table below:

| Detail | Comprehensive Income and Expenditure Statement £'000 | Statement of Financial Position £' 000 | Impact on total net expenditure £'000 | Reason for not adjusting |
|---|---|---|--|--|
| <p>1 Potential impact of the McCloud judgement</p> <p>The legal ruling around age discrimination (McCloud - Court of Appeal) has implications for pension schemes where transitional arrangements on changing benefits have been implemented.</p> <p>Discussion is ongoing in the sector regarding the potential impact of the ruling on the financial statements of Local Government bodies.</p> <p>The Council has requested an estimate from its actuary of the potential impact of the McCloud ruling. The actuary's estimate was of a possible increase in pension liabilities of £1,112k for the Council and £90k in respect of the Council's share of Strata Ltd.'s liability. There is also a corresponding impact on the Council's pension reserve.</p> <p>We have satisfied ourselves that there is not a risk of material error as a result of this issue. We also acknowledge the significant uncertainties relating to the estimation of the impact on the Council's liability.</p> | 1,202 | (1,202) | 1,202 | The figures provided by the actuary are an estimate, and not a formal actuarial valuation. Although we are of the view that there is sufficient evidence to indicate that a liability is probable, we are satisfied that the differences are not likely to be material. This issue will be considered as part of the next actuarial valuation exercise in 2019/20. |
| <p>2 Creditors</p> <p>Our review of creditor balances noted a previously unidentified balance of £219k. This a historical balance migrated into the Efinancials system</p> | (219) | 219 | (219) | The Council is unable to identify the counterparty and wishes to undertake further investigation before writing off this balance. |

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| <p>3 Strata Ltd - Presentation in the comprehensive income and expenditure statement (CIES).</p> <p>The Council has included transactions with Strata Ltd on a separate line in the CIES, rather than including within the service line headings.</p> | No impact | | No impact | The Council has not amended as the current presentation is considered to provide more detailed information for the user. |
| <p>4 Unrecorded Liabilities</p> <p>Testing identified that the Council had not included expenditure of £168k in respect of an asset under construction incurred in March 2019 in the accounts. This adjustment will increase the carrying value of assets under construction and increase accruals by a corresponding amount.</p> | | No overall impact | | The Council considers that this is immaterial to the financial statements and will be adjusted in the current financial year. |
| <p>Overall impact</p> <p>The impact of the adjustment relating to McCloud would be adjusted through the Movement on Reserves Statement. Adjusting for the creditor balance would increase the Council's general fund balance by £219k.</p> | £983 | £nil | £983 | |