



# The Audit Findings for Mole Valley District Council

# DRAFT

This version of the report is a draft. Its contents and subject matter remain under review and its contents may change and be expanded as part of the finalisation of the report.

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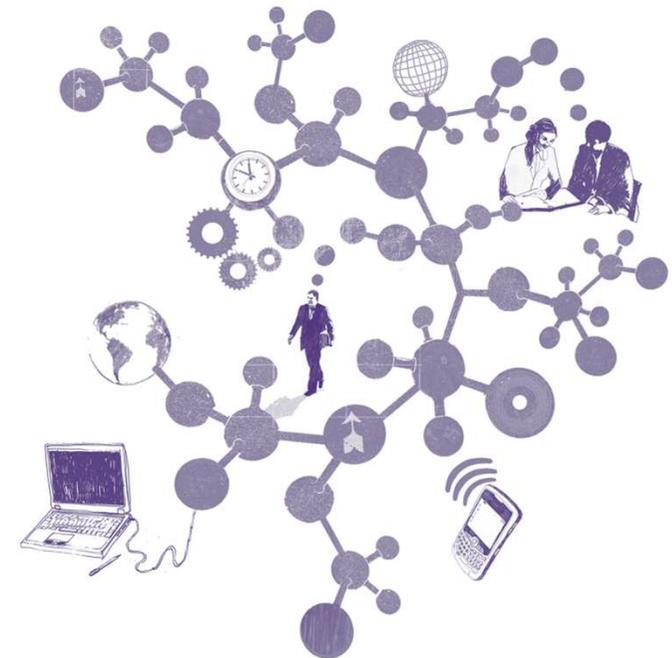
**Year ended 31 March 2013**

September 2013

**Paul Grady**  
Director  
T 020 7728 2681  
E [paul.d.grady@uk.gt.com](mailto:paul.d.grady@uk.gt.com)

**Jamie Bewick**  
Manager  
T 01293 554 138  
E [jamie.n.bewick@uk.gt.com](mailto:jamie.n.bewick@uk.gt.com)

**Terence Rickeard**  
Executive  
T 01293 554 085  
E [terence.rickeard@uk.gt.com](mailto:terence.rickeard@uk.gt.com)



The contents of this report relate only to those matters which came to our attention during the conduct of our normal audit procedures which are designed primarily for the purpose of expressing our opinion on the financial statements. Our audit is not designed to test all internal controls or identify all areas of control weakness. However, where, as part of our testing, we identify any control weaknesses, we will report these to you. In consequence, our work cannot be relied upon to disclose defalcations or other irregularities, or to include all possible improvements in internal control that a more extensive special examination might identify.

We do not accept any responsibility for any loss occasioned to any third party acting, or refraining from acting on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.

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## Section 1: Executive summary

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# Executive summary

## Purpose of this report

This report highlights the key matters arising from our audit of your financial statements for the year ended 31 March 2013. It is also used to report our audit findings to management and the Audit Committee in accordance with the requirements of International Standard on Auditing 260 (ISA).

Under the Audit Commission's Code of Audit Practice we are required to report whether, in our opinion, your financial statements present a true and fair view of your financial position, your expenditure and income for the year and whether they have been properly prepared in accordance with the CIPFA Code of Practice on Local Authority Accounting (the Code). We are also required to reach a formal conclusion on whether you have put in place proper arrangements to secure economy, efficiency and effectiveness in your use of resources (the Value for Money conclusion).

## Introduction

In the conduct of our audit we have not altered our planned audit approach except in respect of journals testing, which we explain on page 8 of this report.

Our audit is nearing completion, although we are finalising our work in the following areas:

- Review of reserves
- Welfare benefits testing of payments to 60 claimants
- Receipt and review of the final version of the financial statements

- Obtaining and reviewing the final management letter of representation
- Updating our post balance sheet events review, to the date of signing the opinion
- Whole of Government Accounts

We received draft financial statements at the start of our audit in accordance with the agreed timetable.

## Key issues arising from our audit

### Financial statements opinion

Subject to the satisfactory completion of our outstanding work, we anticipate providing an unqualified opinion on your financial statements.

The financial statements were of a good quality. We have agreed a small number of adjustments to correct misstatements and to improve the presentation. There were also a few rounding errors. These are set out later in this report.

Overall the audit has progressed well and the finance team has been helpful and prompt in responding to our queries. We will be meeting with management to discuss areas where further efficiencies could be realised for next year.

Further details are set out in section 2 of this report.

**Value for money conclusion**

Based on our review of your arrangements to secure economy, efficiency and effectiveness in your use of resources, we propose to issue an unqualified value for money (VFM) conclusion.

Further detail of our work on Value for Money is set out in section 3 of this report.

**Whole of Government Accounts (WGA)**

We will complete our work in respect of the Whole of Government Accounts in accordance with the national timetable.

**Controls**

Management is responsible for the identification, assessment, management and monitoring of risk, and for developing, operating and monitoring the system of internal control.

Our audit is not designed to test all internal controls or identify all areas of control weakness. However where, as part of our testing, we identify any control weaknesses, we report these to you.

We draw your attention in particular to control issues identified in relation to manual amendments to the accounts (journals). In our view the controls over journals were poor. We noted a significant number of journals that were posted outside of working hours and from a remote location. We also noted journals that were posted after the 2012/13 accounts had been closed down. Moreover, none of your year end journals had been independently authorised or checked.

We have discussed this matter with the Strategic Director. He has agreed that additional controls are needed and has recently introduced new procedures prohibiting the posting of journals outside of normal working hours.

Your accounts closedown process worked well this year and resulted in a timely, good quality set of financial statements. The closedown process was overseen by the Project Manager (Closure of Accounts), who also coordinated the Council's working papers and responded to our audit queries.

The Project Manager is a temporary member of staff. You will need to ensure you have sufficient expertise and resilience in the finance team when the Project Manager's employment ends, so that you can continue to meet your statutory obligations to produce materially accurate annual accounts.

Further details are provided within section 2 of this report.

**The way forward**

We have discussed matters arising from the financial statements audit and from our review of your arrangements for securing economy, efficiency and effectiveness with the Strategic Director (section 151 Officer).

We have made a number of recommendations as set out in the action plan in Appendix A. We have discussed and agreed recommendations with the Strategic Director.

**Acknowledgment**

We would like to take this opportunity to record our appreciation for the assistance provided by management, the finance team and other staff during our audit.

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## Section 2: *Audit findings*

01. Executive summary

**02. Audit findings**

03. Value for Money

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## Audit findings

In this section we present our findings in respect of matters and risks identified at the planning stage of the audit and additional matters that arose during the course of our work. We set out on the following pages the work we have performed and findings arising from our work in respect of the audit risks we identified in our audit plan, presented to the Audit Committee. We also set out the adjustments to the financial statements from our audit work and our findings in respect of internal controls. The findings set out in this report are subject to the satisfactory completion of outstanding matters set out in the Executive Summary.

### **Changes to Audit Plan**

We have made the following change to our Audit Plan which we previously communicated to you on 27 June. Our risk assessment of journal controls resulted in a large sample of journals to be tested. In the interests of efficiency and through agreement with the Strategic Director (151 Officer) we decided to place reliance on detailed testing of journal entries carried out by internal audit for our assurance.

Under auditing standard ISA610 we have to re-perform a sample of internal audit's work if we are to place reliance on it. We therefore re-performed the testing of a sample of ten journals ourselves from the journals internal audit reviewed.

### **Audit opinion**

Subject to the satisfactory completion of our outstanding work, we anticipate that we will provide you with an unqualified opinion. Our proposed audit opinion is set out in Appendix B.

## Audit findings against significant risks

"Significant risks often relate to significant non-routine transactions and judgmental matters. Non-routine transactions are transactions that are unusual, either due to size or nature, and that therefore occur infrequently. Judgmental matters may include the development of accounting estimates for which there is significant measurement uncertainty" (ISA 315).

In this section we detail our response to the significant risks of material misstatement which we identified in our Audit Plan. We noted two presumed significant risks which are applicable to all audits under auditing standards. Our findings in the table below are subject to the satisfactory completion of our outstanding work.

	<b>Risks identified in our audit plan</b>	<b>Work completed</b>	<b>Assurance gained and issues arising</b>
1.	<p><b>Improper revenue recognition</b></p> <p>Under ISA 240 there is a presumed risk that revenue may be misstated due to improper recognition</p>	<ul style="list-style-type: none"> <li>• review and testing of revenue recognition policies</li> <li>• testing of material revenue streams</li> <li>• review of unusual significant transactions</li> </ul>	<p>We reviewed your revenue recognition policies and concluded they were reasonable</p> <p>We tested material revenue streams and did not identify any concerns, or any significant unusual items</p> <p>Our audit work to date has not identified any issues in respect of revenue recognition.</p>
2.	<p><b>Management override of controls</b></p> <p>Under ISA 240 there is a presumed risk of management over-ride of controls</p>	<ul style="list-style-type: none"> <li>• review of accounting estimates, judgements and decisions made by management</li> <li>• testing of journals entries</li> <li>• review of unusual significant transactions</li> </ul>	<p>We reviewed significant accounting estimates and we concluded they are reasonable.</p> <p>We tested an extended sample of journal entries and we did not identify any indication of manipulation or error.</p> <p>We did not identify any significant unusual transactions.</p>

## Audit findings against other risks

In this section we detail our response to the other risks of material misstatement which we identified in the Audit Plan. Recommendations, together with management responses, are attached at Appendix A. Our findings are subject to the satisfactory resolution of outstanding matters.

Transaction cycle	Description of risk	Work completed	Assurance gained & issues arising
<b>Operating expenses</b>	Operating expenses understated	<ul style="list-style-type: none"> <li>We carried out a walkthrough of the accounts payable system</li> <li>We tested a sample of 60 operating expenses for completeness and accuracy</li> </ul>	Our audit work has not identified any significant issues in relation to the risk identified
<b>Operating expenses</b>	Creditors understated or not recorded in the correct period	<ul style="list-style-type: none"> <li>We tested a sample of creditors and accruals</li> </ul>	Our audit work has not identified any significant issues in relation to the risk identified
<b>Employee remuneration</b>	Remuneration expenses not correct	<ul style="list-style-type: none"> <li>We carried out a walkthrough of the payroll system.</li> <li>We tested a random sample of 60 employees for assurance that payments were valid and accurate</li> <li>We tested the year end reconciliation of payroll to the ledger</li> </ul>	Our audit work has not identified any significant issues in relation to the risk identified
<b>Welfare expenditure</b>	Welfare benefits improperly computed	<ul style="list-style-type: none"> <li>We carried out a walkthrough of the benefits system and we are currently certifying the benefits claim BEN01</li> </ul>	Subject to the satisfactory resolution of outstanding work, reliance to be placed on the testing of initial samples of benefits claimants. Our work is ongoing in this area. Should any issues arise we will report this to you before issuing our opinion.
<b>Property, plant &amp; equipment</b>	PPE activity not valid	<ul style="list-style-type: none"> <li>We carried out verification work on the opening PPE balance and we tested a sample of additions</li> </ul>	Our audit work has not identified any issues in relation to the risk identified
<b>Property, plant &amp; equipment</b>	Revaluation measurement not correct	<ul style="list-style-type: none"> <li>We reviewed the reasonableness of valuation measurement</li> </ul>	Your valuations have shown a significant variance compared with the previous year. Our conclusions in this area are detailed under 'judgements and estimates'.

## Accounting policies, estimates & judgements

In this section we report on our consideration of your accounting policies, in particular revenue recognition policies, and key estimates and judgements made and included with the Council's financial statements.

Accounting area	Summary of policy	Comments	Assessment
<b>Revenue recognition</b>	<ul style="list-style-type: none"> <li>Your policies are consistent with the standard accounting policies on revenue recognition as set out in the Code.</li> </ul>	You selected appropriate accounting policies on revenue recognition and you complied with them	 <b>Green</b>
<b>Judgements and estimates</b>	<ul style="list-style-type: none"> <li>You made significant accounting estimates regarding                             <ul style="list-style-type: none"> <li>useful life of capital equipment</li> <li>pension fund valuations and settlements</li> <li>revaluations</li> <li>impairments</li> <li>Provisions</li> </ul> </li> </ul>	<p>We reviewed your significant judgements and estimates.</p> <p>We concluded that the useful lives of property, plant and equipment assets were reasonable and in accordance with your accounting policies.</p> <p>We reviewed the assumptions, estimates and judgements supporting the pensions valuations made by the actuary and we concluded they are reasonable.</p> <p>We reviewed the property, plant and equipment valuations, which have increased overall by £25 million in 2012/13. This is a 26 per cent increase compared with the previous year and a much higher increase than could be explained by general property price movements. This is also the third consecutive year in which your property valuations have changed materially, while underlying prices have remained stable.</p> <p>You changed your valuations arrangements in 2010/11. Since then you have not been able to explain the basis of the pre-2010 valuations in your accounts and therefore the reasons for the material movements. In our view this creates some uncertainty over the reliability of some of the older valuations in your accounts. However we note that most of your assets have been valued in the last three years. The only major property not to have been valued since then is Pippbrook. In our view the impact of any potential error in its valuation is unlikely to be material.</p> <p>Most of this year's movement relates to three assets: Dorking Leisure centre (£9 million increase) , Leatherhead centre (£15 million increase) and Dorking Halls, which has reduced in value by £4 million. Note 4 to the accounts states the valuer's opinion that the previous valuations of Dorking sports centre and Dorking Halls were incorrect. Note 4 also states that Leatherhead Leisure centre has increased in value because it has undergone significant renovation. <i>(continued)</i></p>	 <b>Amber</b>

### Assessment

 Marginal accounting policy which could potentially attract attention from regulators

 Accounting policy appropriate and disclosures sufficient

 Accounting policy appropriate but scope for improved disclosure

# Accounting policies, estimates & judgements

Accounting area	Summary of policy	Comments	Assessment
<p><b>Judgements and estimates continued</b></p>	<ul style="list-style-type: none"> <li>• Valuations</li> <li>• Provisions</li> <li>• Bad debt provision</li> </ul>	<p>In our view the reason given at note 4 for the increase in value of Leatherhead leisure centre is not valid, because the cost of renovation had already been reflected in your accounts at the time when it took place. This is a narrative disclosure issue rather than a numerical one.</p> <p>Finance staff were not able to explain the basis of the valuation of these assets and we had to meet directly with the valuer to establish this. The valuer was able to explain to us the methods and assumptions used in the valuations.</p> <p>The valuations are part based on factual data (eg floor areas) and part based on estimates and judgements. We were able to verify the factual elements of the valuation and we do not propose to further challenge those estimates and judgements.</p> <p>You have delegated the valuations process to a third party, but the responsibility for the figures in the accounts remains with the Council. In our view council officers should better understand the basis of those valuations before publishing them in the financial statements, and should assure themselves that the valuations are reasonable and can be explained to a reader of the accounts.</p> <p>Subsequent to our meeting with the valuer management identified that part of the Dorking Sports Centre valuation was double counted by £630,000 and agreed to correct this.</p> <p>You should review the valuations of all properties which were last valued prior to 2011, for assurance that these are on a reasonable basis that is consistent with the rest of your assets. We raise these recommendations in our action plan at appendix A.</p> <p>We also reviewed your general provisions and bad debt provision and we concluded they are reasonable estimates.</p>	

**Assessment**

- Marginal accounting policy which could potentially attract attention from regulators
- Accounting policy appropriate and disclosures sufficient

- Accounting policy appropriate but scope for improved disclosure

# Accounting policies, estimates & judgements

Accounting area	Summary of policy	Comments	Assessment
<p><b>Other accounting policies</b></p>	<ul style="list-style-type: none"> <li>We reviewed your accounting policies against the requirements of the CIPFA Code and accounting standards.</li> </ul>	<p>Your accounting policies are set out in appendix 1 of your financial statements and are all consistent with the model accounting standards set out in the Code.</p> <p>We noted one instance where in our view you have departed from one of your accounting policies, although the impact of this is not material.</p> <p>Your accounting policy 7 (and accounting standard IAS8) state that prior period adjustments should only be made to correct a material error. You have made a number of adjustments to prior year figures for relatively small amounts, totalling £160,000. The reasons for these amendments are not clearly stated in the accounts.</p> <p>The generally accepted treatment for correcting minor errors is to amend the accounts in the current year rather than retrospectively. By amending the prior year accounts you have created a mismatch between the surplus on the Comprehensive Income and Expenditure for the year and the movement on the balance sheet. We recommend that you correct this.</p>	<p style="text-align: center;">   <b>Amber</b> </p>

**Assessment**

- Marginal accounting policy which could potentially attract attention from regulators
- Accounting policy appropriate and disclosures sufficient

- Accounting policy appropriate but scope for improved disclosure

## Adjusted misstatements

We are required to report all misstatements to the Audit Committee, whether or not the financial statements have been adjusted by management. The table below summarises the adjustments arising from the audit which have been processed by management.

### Impact of adjusted misstatements

Adjusted misstatements are set out below along with the impact on the key statements and the reported financial position.

Detail	Comprehensive Income and Expenditure Account £'000	Balance Sheet £'000	Impact on total net expenditure £000
1 Parts of the valuation of Dorking Sports Centre were double counted in the valuation report, leading to an overstatement of £630,000 which management has agreed to correct	630	630	0
2 Management have processed an amendment of £76k to correct an imbalance between the CIES and the balance sheet	76	76	0
<b>Overall impact</b>	<b>£706</b>	<b>£706</b>	<b>£0</b>

## Misclassifications & disclosure changes

The table below provides details of misclassification and disclosure changes identified during the audit which management has agreed to amend in the final set of financial statements. Should any further matters arise in the completion of our outstanding work that require reporting, we will report these to you.

	Adjustment type	Value £'000	Account balance	Impact on the financial statements
1	Misclassification	218	Segmental analysis note 29.3	You informed us of a reclassification error in note 29.3 which has no impact on any other part of the accounts.
2	Misclassification	2,882	Note 12 – revaluations and impairments	There is a misclassification within note 12. The impairment to Dorking Halls should be classified as a revaluation charge to CIES. The treatment of this in the CIES is correct and the bottom line net book value is unaffected by this issue.

## Unadjusted misstatements

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

Detail	Comprehensive Income and Expenditure Account £'000	Balance Sheet £'000	Reason for not adjusting
1 Management have processed prior period adjustments which increase the quantum of net assets. Those prior period adjustments are not reflected in the income and expenditure account and have created an imbalance between the CIES and the balance sheet	82	82	
<b>Overall impact</b>	<b>£82</b>	<b>£82</b>	

# Internal controls

The purpose of an audit is to express an opinion on the financial statements.

Our audit included consideration of internal controls relevant to the preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control. The matters reported here are limited to those deficiencies that we have identified during the course of our audit and that we have concluded are of sufficient importance to merit being reported to you in accordance with auditing standards. These and other recommendations, together with management responses, are included in the action plan attached at appendix A.

	Assessment	Issue and risk	Recommendations
1.	 <b>Red</b>	<p>In our view, and as we have reported to you previously, your journal controls were poor in 2012/13. Journals posted by members of the finance team were not required to be authorised. During accounts closedown no journals were independently checked or authorised by management.</p> <p>There were also no controls over where, or when, journals are posted. We noted a large volume of journals which were posted out of office hours, at unusual times and from remote locations. These were not subject to any management checks, authorisation or review, which increases the risk to your financial data.</p> <p>During our audit it also emerged that entries had been posted to the Council's ledger after it had been closed down and after the accounts were approved by the Audit Committee. These entries only came to light as a result of an audit query. It is likely that management would otherwise have been unaware of these amendments. The amounts were not material to our opinion but, nonetheless, represent a significant breach of internal control.</p> <p>We also noted that the system is able to process one-sided journals, which increases the risk of misstatements in the accounts.</p> <p>The Strategic Director has recently introduced more stringent rules to prohibit the posting of journals outside of office hours. Although these rules have been communicated to staff, the levels of access to the system are unchanged. The Council should review security and access levels in the ledger system to ensure that journals controls can be properly enforced.</p>	<ul style="list-style-type: none"> <li>• Implement a system solution requiring all journals to be independently authorised before posting.</li> <li>• Implement a system solution to prohibit the posting of journals outside of office hours, from remote locations or after the ledger has been closed down.</li> <li>• Prohibit the posting of one-sided journals.</li> </ul>

## Assessment

-  Significant deficiency – risk of significant misstatement
-  Deficiency – risk of inconsequential misstatement

## Internal controls (continued)

	Assessment	Issue and risk	Recommendations
2.	 <b>Amber</b>	<ul style="list-style-type: none"> <li>Your accounts closedown worked well this year. Your accounting arrangements continue to show significant improvement compared to the difficult closedown process of 2010/11.</li> <li>Your accounts were produced to a good standard well within the statutory timetables, and we only identified a small number of issues to report. You also produced working papers to a high standard and you responded promptly and effectively to our audit queries. We would like to thank the finance department for their support and assistance.</li> <li>The closedown process was managed by the Project Manager (Closure of accounts). The Project Manager is a temporary member of staff who is due to leave the Council soon. It is important to clarify the succession arrangements to ensure there is no deterioration in the quality of the accounts or the supporting processes following the departure of the Project Manager. This must include a proper handover of knowledge to other suitably qualified and experienced finance staff.</li> </ul>	<p>Ensure there is a proper handover of knowledge when the Project Manager leaves and review the skills in the finance team to provide adequate expertise and resilience for the 2013/14 accounts</p>
3.	 <b>Amber</b>	<ul style="list-style-type: none"> <li>Some members of staff in the estates and IT functions are able to authorise their own purchase requisitions. The stated reason for this is so that purchases can be made in cases of emergency. However it appeared to us that this type of purchase was happening quite routinely. There were over seventy such purchases in a 6 month period, totalling in excess of £200,000.</li> <li>We also identified instances where it appeared that officers were authorising their own requisitions in excess of their delegated limits.</li> </ul>	<p>Improve controls around self-authorisation of requisitions and implement effective controls to prevent officers authorising purchases in excess of their delegated authority.</p>
4.	 <b>Amber</b>	<ul style="list-style-type: none"> <li>Although there were no significant inconsistencies in your financial statements, we still encountered a number of areas where there were rounding errors.</li> <li>There were also a small number of typographical errors or incorrect descriptions which we have highlighted to management.</li> </ul>	<p>As part of your ongoing commitment to quality assurance, carry out detailed arithmetic and consistency checks to minimise rounding errors and to ensure all headings and narrative descriptions are correct.</p>

### Assessment

-  Significant deficiency – risk of significant misstatement
-  Deficiency – risk of inconsequential misstatement

## Other communication requirements

We set out below details of other matters which we are required by auditing standards to communicate to those charged with governance.

	Issue	Commentary
1.	<b>Matters in relation to fraud</b>	<ul style="list-style-type: none"> <li>We have previously discussed the risk of fraud with the Audit Committee. The Council has informed us that there were no instances of fraud over £10,000 occurring at the Council during 2012/13. No other issues have been identified during the course of our audit.</li> </ul>
2.	<b>Matters in relation to laws and regulations</b>	<ul style="list-style-type: none"> <li>We are not aware of any significant incidences of non-compliance with relevant laws and regulations.</li> <li>In June 2013 four local electors wrote to us expressing concerns regarding a planning decision and the Council's standards arrangements. We considered the concerns, we discussed this matter with the Council's Monitoring Officer and Chief Executive and we reviewed the documentation of this issue.</li> <li>On the basis of the information provided to us by officers, we found no evidence that the Council had failed to comply with relevant legislation. There were also no matters which would materially affect the financial statements, other than the provision for legal costs which the Council has already made and disclosed at note 23.</li> </ul>
3.	<b>Written representations</b>	<ul style="list-style-type: none"> <li>A standard letter of representation has been requested from the Council.</li> </ul>
4.	<b>Disclosures</b>	<ul style="list-style-type: none"> <li>We reviewed narrative disclosures and our review found no material omissions in the financial statements. As previously noted, in our view the assertion at note 4 regarding the valuation of Leatherhead leisure centre is not correct.</li> </ul>
5.	<b>Matters in relation to related parties</b>	<ul style="list-style-type: none"> <li>We are not aware of any related party transactions which have not been disclosed. The Chief Executive and the Financial Service Manager's secondment arrangement with Surrey County Council is disclosed at note 32.</li> </ul>
6.	<b>Going concern</b>	<ul style="list-style-type: none"> <li>Our work has not identified any reason to challenge the Council's decision to prepare the financial statements on a going concern basis.</li> </ul>
7.	<b>Annual Governance Statement</b>	<ul style="list-style-type: none"> <li>The Annual Governance Statement complies with the best practice guidance by CIPFA. We did not identify any omissions or any information which was inconsistent with our knowledge.</li> </ul>

## Section 3: Value for Money

01. Executive summary

02. Audit findings

**03. Value for Money**

04. Fees, non audit services and independence

05. Communication of audit matters

# Value for Money

## Value for Money conclusion

The Code of Audit Practice 2010 describes your responsibilities to put in place proper arrangements to:

- secure economy, efficiency and effectiveness in its use of resources
- ensure proper stewardship and governance
- review regularly the adequacy and effectiveness of these arrangements.

We are required to give our VFM conclusion based on the following two criteria specified by the Audit Commission which support our reporting responsibilities under the Code of Audit Practice.

- **The Council has proper arrangements in place for securing financial resilience.** The Council has robust systems and processes to manage effectively financial risks and opportunities, and to secure a stable financial position that enables it to continue to operate for the foreseeable future.
- **The Council has proper arrangements for challenging how it secures economy, efficiency and effectiveness.** The Council is prioritising its resources within tighter budgets, for example by achieving cost reductions and by improving efficiency and productivity.

## Key findings

### Securing financial resilience

We have undertaken a review which considers your arrangements against the following three expected characteristics of proper arrangements as defined by the Audit Commission:

- Financial governance;
- Financial planning; and
- Financial control

As part of our audit planning we considered the key risks to your securing financial resilience. Our findings against the financial resilience criteria, and our findings against those risks, are set out in the subsequent pages.

Against each criteria we give an Red / Amber / Green rating against the adequacy of your arrangements to secure financial resilience.

# Financial Resilience

## Overview of performance

Area of focus	Summary observations	Assessment
<b>Performance against budgets</b>	<ul style="list-style-type: none"> <li>You have a strong track record of meeting your financial targets in recent years.</li> <li>In 2012/13 you underspent against your revenue budget by £736,550.</li> <li>The main factor behind this was the £413,000 underspend against the one-off budget for the Olympics.</li> <li>Additionally, most service budgets also ended the year in an underspend position.</li> </ul>	 <b>Green</b>
<b>Reserve Balances</b>	<ul style="list-style-type: none"> <li>Your budget performance was consistent with your stated intention to break even year on year without having to draw on reserves.</li> <li>Your 2013/14 budget includes a small draw down of reserves of £12k.</li> <li>In 2012/13 you were able to increase the level of general fund reserves by £225,000 to £2,557,000 . You were able to set aside a further £467,00 into earmarked revenue reserves.</li> <li>The level of your revenue reserves is well above the target level set by the Strategic Director of £1.3 million.</li> <li>Your usable reserves are 36 per cent of your gross revenue expenditure. Your levels of reserves are slightly above those of other similar councils.</li> </ul>	 <b>Green</b>
<b>Working capital</b>	<ul style="list-style-type: none"> <li>You have no debts. Financial ratios published by the Audit Commission show your levels of working capital to be in line with those of other similar councils.</li> <li>Your council tax collection rate in 2012/13 was 99 per cent and your NNDR collection rate was 98.8 per cent. These are among the highest rates in the country and are in line with neighbouring Surrey districts.</li> <li>Your locally generated council tax income was £6.4 million. You have other local income from rents, fees and charges and you are continuing to develop other sources of income. This demonstrates that you are becoming increasingly self-sufficient financially and less reliant on central government funding.</li> <li>Revenue Support Grant was £207,000 in 2012/13 with other central government funding taking the form of non domestic rates income, new homes bonus and council tax freeze grant.</li> </ul>	 <b>Green</b>

# Financial Governance

## Understanding and engagement

Area of focus	Summary observations	Assessment
<b>Executive and Member Engagement</b>	<ul style="list-style-type: none"> <li>2012/13 was a year of significant change for Mole Valley District Council. During 2012 you had a change of administration and a change of Chief Executive.</li> <li>During this transitional period you did not update the Medium Term Financial Strategy (MTFS) when it became due, but continued to work to the 5 year rolling budget plan which derived from the previous MTFS.</li> <li>A new MTFS has now been drafted and is due to be considered by the Executive at its October 2013 meeting.</li> </ul>	 <b>Green</b>
<b>Understanding the Financial Environment</b>	<ul style="list-style-type: none"> <li>The Strategic Director (Section 151 officer) reported the financial position regularly to Members of the Executive during 2012/13.</li> <li>During 2012/13 the Strategic Director and the Financial Services Manager implemented new budget reporting arrangements, to improve the frequency and timeliness of budget reporting, which was previously done quarterly.</li> <li>The Executive now receives a monthly finance report, which is considered within a month of the period just ended.</li> <li>The senior management team also receives a monthly report, which they consider before it is discussed by the Executive.</li> <li>Finance reports are publically available on the Council's website.</li> <li>The Financial Services Manager and Strategic Director have also sought, received and acted on feedback from members and budget holders on the new budgetary control arrangements, as part of their process of continuous improvement.</li> </ul>	 <b>Green</b>
<b>Budget reporting: revenue and capital</b>	<ul style="list-style-type: none"> <li>In our view the revenue budgets are clearly presented and comprehensible. They have an appropriate mix of narrative and numerical information, giving context to the figures that are reported.</li> <li>The year end outturn was consistent with forecasts during the year, which gives assurance as to the reliability of forecasts.</li> <li>Internal Audit have previously commented on the format of the capital budget reports and we concur with their views. The capital budget is reported at a summary high level by scheme. There is no information about the budget for the current year or about profiling, which would enable Members to draw a meaningful conclusion as to whether a project is on track.</li> </ul>	 <b>Amber</b>

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# Strategic Financial Planning

## Medium Term Financial Strategy

Area of focus	Summary observations	Assessment
<b>Focus of the MTFP</b>	<ul style="list-style-type: none"><li>We have reviewed the draft Medium Term Financial Strategy (MTFS) which is due to be considered by Members at their October 2013 meeting of the Executive.</li><li>The MTFS has a 7 year planning horizon (to 2020/21). The first four years to 2017 constitute a detailed plan whereas the plans for subsequent years are indicative.</li><li>The MTFS covers costs, savings, fees, reserves and investments and the focus of it is appropriate.</li></ul>	 <b>Green</b>
<b>Adequacy of planning assumptions</b>	<ul style="list-style-type: none"><li>You have made reasonable and prudent assumptions both in your 2013/14 budget and in your MTFS.</li><li>The 2013/14 revenue budget sets out in some detail your response to national policy developments, namely the council tax freeze grant, localisation of business rates and localisation of council tax benefit.</li><li>You have made reasonable assumptions regarding pay inflation and general inflation, which are clearly explained.</li><li>You have also revisited budget items from the previous year and assessed them for their continuing relevance.</li><li>Your 2013/14 budget considers the continuing appropriateness of your reserves policy and comments on future reserves requirements.</li></ul>	 <b>Green</b>
<b>Responsiveness of the Plan</b>	<ul style="list-style-type: none"><li>You are currently in negotiations over a number of potential land and property schemes which, if successful, would result in additional revenue streams over the medium term. However as those streams are uncertain you have adopted a prudent approach and have not included them in your medium term forecasts.</li><li>You recognise that the strategy may have to be revised in future depending on the outcome of negotiations and other factors that are at present uncertain.</li></ul>	 <b>Green</b>

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# Financial Control

## Internal arrangements

Area of focus	Summary observations	Assessment
<b>Budget setting and monitoring - revenue and capital</b>	<ul style="list-style-type: none"> <li>Your 2013/14 annual budget was approved by the Executive on the 5<sup>th</sup> February 2013, before the start of the financial year to which it relates.</li> <li>Performance is reported monthly to budget holders, not later than a month after the period to which the reports relate.</li> <li>Budget holders have given feedback during the year on the quality and usefulness of budget reports, and that feedback is positive.</li> </ul>	 <b>Green</b>
<b>Performance against Savings Plans</b>	<ul style="list-style-type: none"> <li>You have a strong track record of making efficiencies. Between 2008/09 and 2011/12 you reported £3.7 million of efficiencies through staffing reductions and the Business Process Review.</li> <li>You identified a £711,000 efficiencies requirement for 2013/14, which is set out in the appendices to your 2013/14 budget. The requirement is planned to be met through a combination of additional income, savings and restructurings.</li> <li>Your savings requirements are reflected in baseline budgets rather than being monitored and reported separately.</li> <li>Your most recent finance report to the Executive is forecasting an underspend against budget of £243,000</li> </ul>	 <b>Green</b>
<b>Key Financial Accounting Systems</b>	<ul style="list-style-type: none"> <li>Earlier in this report we highlight a number of control weaknesses identified during our audit, concerning:               <ul style="list-style-type: none"> <li>- Controls over journals</li> <li>- One sided journals</li> <li>- System access controls</li> <li>- Self authorisation of purchase requisitions.</li> </ul> </li> <li>These are areas which could potentially affect the integrity of budget monitoring information and we recommend that you address these.</li> </ul>	 <b>Amber</b>

# Financial Control

## Internal and external assurances

Area of focus	Summary observations	Assessment
<b>Finance Department Resourcing</b>	<ul style="list-style-type: none"> <li>• During 2012/13 you recruited a new Financial Services Manager, who has implemented improvements to the timeliness and frequency of budget reporting and monitoring.</li> <li>• You have a small finance team. We have previously commented that in our view the finance function relies heavily on the knowledge of key individuals, which represents a risk to business continuity in the event of unforeseen absence or departures.</li> <li>• You will need to ensure you have arrangements in place for the effective handover of knowledge when there is staff turnover, particularly in the case of the forthcoming department of the Project Manager (closure of accounts). Robust succession planning is essential to ensure effective business continuity.</li> </ul>	 <b>Amber</b>
<b>Internal audit arrangements</b>	<ul style="list-style-type: none"> <li>• Your internal audit function is provided by RSM Tenon (currently merging with Baker Tilly), through a consortium arrangement with other East Surrey districts.</li> <li>• Internal Audit carried out reviews of key financial systems during the year and reported their conclusions to the Audit Committee.</li> </ul>	 <b>Green</b>
<b>External audit arrangements</b>	<ul style="list-style-type: none"> <li>• The external audit is carried out by Grant Thornton. The senior audit personnel (Engagement Lead, Manager and Executive) have been in place for 3 years.</li> <li>• Your previous auditors did not raise any significant concerns regarding financial resilience.</li> </ul>	 <b>Green</b>
<b>Assurance framework/risk management</b>	<ul style="list-style-type: none"> <li>• You have an assurance framework in place to underpin the strategic risk register. The framework is next due to be reviewed in November 2013.</li> <li>• Internal Audit carries out a programme of risk based reviews, focussed on your key risks.</li> <li>• The Head of Internal Audit's opinion for 2012/13 gave a "green" rating for risk management and governance arrangements.</li> </ul>	 <b>Green</b>

# Value for Money

## Value for Money conclusion

### Key findings (continued)

#### Challenging economy, efficiency and effectiveness

We have reviewed whether you have prioritised resources to take account of the tighter constraints within which you are operating.

According to CLG statistics, Mole Valley district is one of the 20 least deprived boroughs in England. However the economic environment is still a challenging one for you. In December 2012 the Secretary of State announced further reductions to your Revenue Support Grant of the order of £450,000 in each of 2014/15 and 2015/16. Record low interest rates are continuing to affect the level of return on your investments.

Recent changes to legislation have created additional pressures in relation to central Government funding. As a consequence of the Welfare Reform Act you are now responsible for the cost of administering council tax benefits. You are preparing for the forthcoming introduction of Universal Credit.

Central government funding is becoming increasingly incentivised and linked to performance, most notably the new homes bonus. In 2012/13 you increased the level of your new homes bonus to £324,000.

You rejected the council tax freeze grant for 2013/14 and you raised council tax by 1.9 per cent, having regard to the likelihood of the Council facing a "fiscal cliff" if or when the freeze grant is withdrawn.

You have a strong track record of making savings and of achieving your financial targets. You have identified £711,000 efficiencies as part of your 2013/14 budget. Your draft Medium Term Financial Strategy sets out the likely savings requirements over the next seven years.

You are actively seeking out new sources of income. As well as making savings you are progressing with ambitious plans, working with key partners to facilitate the supply of new affordable housing which is a significant issue in the Borough. A number of building and regeneration schemes are under consideration which have the potential to deliver significant additional income.

The Audit Commission publishes value for money profiles on its website, which compare your costs per head of population with those of similar councils. These show your overall costs have consistently been lower than your peer group over recent years. Your costs are higher than average in specific service areas, particularly environmental services, which reflects your corporate priorities.

Comparative information is available on the Audit Commission's website [www.audit-commission.gov.uk](http://www.audit-commission.gov.uk).

#### Overall VFM conclusion

On the basis of our work, and having regard to the guidance on the specified criteria published by the Audit Commission, we are satisfied that in all significant respects you put in place proper arrangements to secure economy, efficiency and effectiveness in your use of resources for the year ending 31 March 2013.

## Section 4: Fees, non audit services and independence

01. Executive summary

02. Audit findings

03. Value for Money

04. Fees, non audit services and independence

05. Communication of audit matters

## Fees, non audit services and independence

We confirm below our final fees charged for the audit and **provision of non-audit services**.

### Fees

	Per Audit plan £	Actual fees £
Council audit	60,990	To be determined
Grant certification	16,200	
<b>Total audit fees</b>	<b>77,190</b>	

### Fees for other services

Service	Fees £

### Fees

During our audit we carried out additional work responding to concerns that were raised with us by a number of local electors. We also carried out additional work investigating journal entries, with support from internal audit. These pieces of work were not part of our original fee calculations. We will discuss and agree the final audit fee with the Strategic Director.

### Independence and ethics

We confirm that there are no significant facts or matters that impact on our independence as auditors that we are required or wish to draw to your attention. We have complied with the Auditing Practices Board's Ethical Standards and therefore we confirm that we are independent and are able to express an objective opinion on the financial statements.

We confirm that we have implemented policies and procedures to meet the requirements of the Auditing Practices Board's Ethical Standards.

## Section 5: Communication of audit matters

01. Executive summary

02. Audit findings

03. Value for Money

04. Fees, non audit services and independence

05. Communication of audit matters

# Communication of audit matters to those charged with governance

International Standard on Auditing (ISA) 260, as well as other ISAs, prescribe matters which we are required to communicate with those charged with governance, and which we set out in the table opposite.

The Audit Plan outlined our audit strategy and plan to deliver the audit, while this Audit Findings report presents the key issues and other matters arising from the audit, together with an explanation as to how these have been resolved.

## Respective responsibilities

The Audit Findings Report has been prepared in the context of the Statement of Responsibilities of Auditors and Audited Bodies issued by the Audit Commission ([www.audit-commission.gov.uk](http://www.audit-commission.gov.uk)).

We have been appointed as the Council's independent external auditors by the Audit Commission, the body responsible for appointing external auditors to local public bodies in England. As external auditors, we have a broad remit covering finance and governance matters.

Our annual work programme is set in accordance with the Code of Audit Practice ('the Code') issued by the Audit Commission and includes nationally prescribed and locally determined work. Our work considers the Council's key risks when reaching our conclusions under the Code.

It is the responsibility of the Council to ensure that proper arrangements are in place for the conduct of its business, and that public money is safeguarded and properly accounted for. We have considered how the Council is fulfilling these responsibilities.

	Audit Plan	Audit Findings
<b>Our communication plan</b>		
Respective responsibilities of auditor and management/those charged with governance	✓	
Overview of the planned scope and timing of the audit. Form, timing and expected general content of communications	✓	
Views about the qualitative aspects of the entity's accounting and financial reporting practices, significant matters and issues arising during the audit and written representations that have been sought		✓
Confirmation of independence and objectivity	✓	✓
A statement that we have complied with relevant ethical requirements regarding independence, relationships and other matters which might be thought to bear on independence. Details of non-audit work performed by Grant Thornton UK LLP and network firms, together with fees charged Details of safeguards applied to threats to independence	✓	✓
Material weaknesses in internal control identified during the audit		✓
Identification or suspicion of fraud involving management and/or others which results in material misstatement of the financial statements		✓
Compliance with laws and regulations		✓
Expected auditor's report		✓
Uncorrected misstatements		✓
Significant matters arising in connection with related parties		✓
Significant matters in relation to going concern		✓

# Appendices

## Appendix A: Action plan

### Priority

**High** - Significant effect on control system

**Medium** - Effect on control system

**Low** - Best practice

Rec No.	Recommendation	Priority	Management response	Implementation date & responsibility
1	Improve the system for of journal controls, by implementing a system solution to prohibit the posting of one-sided journals, journals posted at weekends, from remote locations or journals posted after the ledger has been closed down.	High	Agreed. Proposals to remove this access will be investigated and implemented.	Financial Services Manager – November 2013
2	Implement a system solution to require all manual journals to be independently authorised before posting	High	Agreed, subject to affordability and discussions with the system provider.	Financial Services Manager – November 2013
3	Ensure there is a proper handover of knowledge when the Project Manager leaves and review the skills in the finance team to provide adequate expertise and resilience for the 2013/14 accounts.	High	Agreed. A process is in place to hand over the working papers to the Financial Services Manager.	Financial Services Manager – September 2013
4	Improve controls around self-authorisation of requisitions and implement effective controls to prevent officers authorising purchases in excess of their delegated authority	Medium	Agreed. Management will ensure segregation of duties when purchase orders are raised and authorised and will set system parameters to highlight amounts over the delegated limit. Standing orders to be reviewed.	Financial Services Manager – March 2014
5	Review the valuations of those properties that were last valued prior to 2011, to ensure they are on a reasonable basis and ensure there is sufficient understanding and challenge of accounts information provided to the Council by third parties such as valuers.	Medium	Agreed. Valuation team to establish documented procedures and methodology to valuations, with comparisons to previous valuations.	Financial Services Manager / Property Manager Ongoing
6	Carry out detailed arithmetic and consistency checks to minimise rounding errors and to ensure all headings and narrative descriptions are correct.	Medium	Agreed in principle	Financial Services Manager – June 2014
7	Review the level detail in reporting of the capital programme	Low	Agreed	Financial Services Manager – November 2013

## Appendix B: Audit opinion

We anticipate we will provide the Council with an unmodified audit report

### INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE Mole Valley District Council

#### Opinion on the Council financial statements

We have audited the financial statements of Mole Valley District Council for the year ended 31 March 2013 under the Audit Commission Act 1998. The financial statements comprise the Movement in Reserves Statement, the Comprehensive Income and Expenditure Statement, the Balance Sheet, the Cash Flow Statement, the Collection Fund and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2012/13.

This report is made solely to the members of Mole Valley District Council in accordance with Part II of the Audit Commission Act 1998 and for no other purpose, as set out in paragraph 48 of the Statement of Responsibilities of Auditors and Audited Bodies published by the Audit Commission in March 2010. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Council and the Council's Members as a body, for our audit work, for this report, or for the opinions we have formed.

#### Respective responsibilities of the Chief Finance Officer and auditor

As explained more fully in the Statement of the Chief Finance Officer's Responsibilities, the Chief Finance Officer is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom, and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

#### Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Council's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Chief Finance Officer; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the explanatory foreword and the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

#### Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the financial position of Mole Valley District Council as at 31 March 2013 and of its expenditure and income for the year then ended; and
- have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2012/13.

#### Opinion on other matters

In our opinion, the information given in the explanatory foreword and the content of the Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

#### Matters on which we report by exception

We report to you if:

- in our opinion the annual governance statement does not reflect compliance with 'Delivering Good Governance in Local Government: a Framework' published by CIPFA/SOLACE in June 2007;
- we issue a report in the public interest under section 8 of the Audit Commission Act 1998;
- we designate under section 11 of the Audit Commission Act 1998 any recommendation as one that requires the Council to consider it at a public meeting and to decide what action to take in response; or

- we exercise any other special powers of the auditor under the Audit Commission Act 1998.

We have nothing to report in these respects.

**Conclusion on the Council's arrangements for securing economy, efficiency and effectiveness in the use of resources**

***Respective responsibilities of the Council and the auditor***

The Council is responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources, to ensure proper stewardship and governance, and to review regularly the adequacy and effectiveness of these arrangements.

We are required under Section 5 of the Audit Commission Act 1998 to satisfy ourselves that the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The Code of Audit Practice issued by the Audit Commission requires us to report to you our conclusion relating to proper arrangements, having regard to relevant criteria specified by the Audit Commission.

We report if significant matters have come to our attention which prevent us from concluding that the Council has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We are not required to consider, nor have we considered, whether all aspects of the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

***Scope of the review of arrangements for securing economy, efficiency and effectiveness in the use of resources***

We have undertaken our audit in accordance with the Code of Audit Practice, having regard to the guidance on the specified criteria, published by the Audit Commission in November 2012, as to whether the Council has proper arrangements for:

- securing financial resilience; and
- challenging how it secures economy, efficiency and effectiveness.

The Audit Commission has determined these two criteria as those necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether the Council put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2013.

We planned our work in accordance with the Code of Audit Practice. Based on our risk assessment, we undertook such work as we considered necessary to form a view on whether, in all significant respects, the Council had put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

***Conclusion***

On the basis of our work, having regard to the guidance on the specified criteria published by the Audit Commission in November 2012, we are satisfied that, in all significant respects, the Mole Valley District Council put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2013.

***Certificate***

We certify that we have completed the audit of the financial statements of the Mole Valley District Council in accordance with the requirements of the Audit Commission Act 1998 and the Code of Audit Practice issued by the Audit Commission.

**Paul Grady  
Director**

for and on behalf of Grant Thornton UK LLP, Appointed Auditor

[Date]

## Appendix C: Overview of audit findings

In this section we present our findings in respect of matters and risks identified at the planning stage of the audit and additional matters that arose during the course of our work. The findings set out below are subject to the satisfactory resolution and completion of outstanding matters set out in the Executive Summary

### Changes to Audit Plan

We previously communicated our Audit Plan to you on 27 June. Since then we have changed our planned approach to journals testing, which we explain on page 8.

Account	Transaction cycle	Material misstatement risk?	Description of risk	Change to the audit plan	Audit findings
Cost of services - operating expenses	Operating expenses	Other	Operating expenses understated	No	None
Cost of services – employee remuneration	Employee remuneration	Other	Remuneration expenses not correct	No	None
Costs of services – Housing & council tax benefit	Welfare expenditure	Other	Welfare benefits improperly computed	No	None, subject to the completion of ongoing work
Cost of services – other revenues (fees & charges)	Other revenues	None		No	None
(Gains)/ Loss on disposal of non current assets	Property, Plant and Equipment	None		No	None
Precepts and Levies	Council Tax	None		No	None

## Audit findings

Account	Transaction cycle	Material misstatement risk?	Description of risk	Change to the audit plan	Audit findings
Interest payable and similar charges	Borrowings	None		No	None
Pension Interest cost	Employee remuneration	None		No	None
Interest & investment income	Investments	None		No	None
Return on Pension assets	Employee remuneration	None		No	None
Impairment of investments	Investments	None		No	None
Investment properties: Income expenditure, valuation, changes & gain on disposal	Property, Plant & Equipment	None		No	None
Income from council tax	Council Tax	None		No	None
NNDR Distribution	NNDR	None		No	None
Revenue support grant and other Government grants	Grant Income	None		No	None
Capital grants & Contributions (including those received in advance)	Property, Plant & Equipment	None		No	None

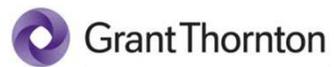
## Audit findings

Account	Transaction cycle	Material misstatement risk?	Description of risk	Change to the audit plan	Audit findings
(Surplus)/ Deficit on revaluation of non current assets	Property, Plant & Equipment	None		No	None
Actuarial (gains)/ Losses on pension fund assets & liabilities	Employee remuneration	None		No	None
Other comprehensive (gains)/ Losses	Revenue/ Operating expenses	None		No	None
Property, Plant & Equipment	Property, Plant & Equipment	Other	PPE activity not valid	No	None
Property, Plant & Equipment	Property, Plant & Equipment	Other	Revaluation measurements not correct	No	Misclassification of valuation – now corrected. Double counting of £630k revaluation, now corrected.
Heritage assets & Investment property	Property, Plant & Equipment	None		No	None
Intangible assets	Intangible assets	None		No	None
Investments (long & short term)	Investments	None		No	None
Debtors (long & short term)	Revenue	None		No	None
Assets held for sale	Property, Plant & Equipment	None		No	None
Inventories	Inventories	None		No	None

## Audit findings

Account	Transaction cycle	Material misstatement risk?	Description of risk	Change to the audit plan	Audit findings
Borrowing (long & short term)	Debt	None		No	None
Creditors (long & Short term)	Operating Expenses	Other	Creditors understated or not recorded in the correct period	No	None
Provisions (long & short term)	Provision	None		No	None
Pension liability	Employee remuneration	None		No	None
Reserves	Equity	None		No	None, subject to the completion of ongoing work in this area

# DRAFT



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