

# AUDIT, GOVERNANCE & STANDARDS COMMITTEE - 11 April 2024

## Agenda Item 15 – Statement of Accounts 2022/23 – Page 187

### Change to recommendation 2 and update to Appendix 3 - External Auditor's Audit Findings Report.

#### 1) The amendment to recommendation 2 is set out below reflecting that there is an update to Appendix 3:

2. That the external auditor's Revised Audit Findings Report is noted.

#### 2) Updates to Appendix 3 – External Auditor's Audit Findings Report

There have been changes to one page in the External Auditor's Audit Findings Report which are detailed below.

Page 315 – updated figures to reflect the accounting treatment of grants received in advance – the changed entries have been highlighted.

#### New

Commercial in confidence

## D. Audit adjustments

### Impact of unadjusted misstatements

The table below provides details of adjustments identified during the 2022-23 audit which have not been made within the final set of financial statements. The Audit, Governance and Standards Committee is required to approve management's proposed treatment of all items recorded within the table below.

Detail	CIES £'000	Statement of Financial Position £'000	Impact on reserves £'000	Reason for not adjusting
In testing the value of the heritage assets, it was identified that the value of 11 assets as per the fixed asset register was different to the insurance report valuation.	-	Non-current assets (194)	Revaluation reserve 194	Management considers the issue is not material
In testing the correct accounting treatment for revaluation gains and losses, it was identified that for few of the assets the in-year depreciation was incorrectly reversed to the revaluation reserve rather than the CIES, in-year depreciation was not reversed in the FAR and revaluation gains were recognised in the CIES rather than the revaluation reserve.	Income (528)	Non-current assets 732	General Fund 528 Revaluation reserve (732)	Management considers the issue is not material
In testing grants received in advance we identified a number of grants received did not contain any conditions or repayment clauses. Therefore, per accounting requirements grant income should be recognised in full via the CIES in the period the grant funds were received.	Income (364)	Current liabilities 364		Management considers the issue is not material
In reviewing the fixed asset register we identified that a number of fully depreciated assets were not derecognised. It is best practice that nil book value assets are not be recorded on the FAR as they effectively overstate the cost and accumulated depreciation figures. However, the net impact on the bottom line of the PPE note and primary statement is trivial. The cost and the related accumulated depreciation amounted to £3.45m and £3.44m respectively.	-	Non-current assets (15)	General Fund 15	Management considers the issue is not material
<b>Overall impact</b>	<b>(£892)</b>	<b>£887</b>	<b>£5</b>	

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In testing the correct accounting treatment for revaluation gains and losses, it was identified that for few of the assets the in-year depreciation was incorrectly reversed to the revaluation reserve rather than the CIES, in-year depreciation was not reversed in the FAR and revaluation gains were recognised in the CIES rather than the revaluation reserve.	Income (528)	Non-current assets 732	General Fund 528 Revaluation reserve (732)	Management considers the issue is not material
In testing grants received in advance we identified a number of grants received did not contain any conditions or repayment clauses. Therefore, per accounting requirements grant income should be recognised in full via the CIES in the period the grant funds were received.	-	Current liabilities (364)	General Fund 364	Management considers the issue is not material
In reviewing the fixed asset register we identified that a number of fully depreciated assets were not derecognised. It is best practice that nil book value assets are not recorded on the FAR as they effectively overstate the cost and accumulated depreciation figures. However, the net impact on the bottom line of the PPE note and primary statement is trivial. The cost and the related accumulated depreciation amounted to £3.45m and £344m respectively.	-	(15)	15	Management considers the issue is not material
<b>Overall impact</b>	<b>(£528)</b>	<b>£159</b>	<b>£369</b>	