


**Appendix A****South Ribble Borough Council – 2022/23 Audit****Informing the Audit Risk Assessment****GENERAL ENQUIRIES OF MANAGEMENT**

Question	Management response
<p>1. What do you regard as the key events or issues that will have a significant impact on the financial statements for 2022/23?</p>	<p>The Council received funding of £2,281,808 in 2021/22 under the Coronavirus Additional Relief Fund (CARF). All reliefs relating to this scheme were applied in 2022/23 and totalled £2,150,244.</p> <p>The Council received grants of £297,920 and £44,800 in 2022/23 as interim payments (80%) in respect of Energy Bills Support Scheme and Alternative Fuel Payment Scheme. No payments were made under these schemes in 2022/23, and payments will be made in 2023/24.</p> <p>The Council received £6,481,800 in 2021/22 to issue a non- repayable rebate of £150 to households in Council tax Bands A to D. Payments were issued in 2022/23 and amounted to £6,457,650.</p> <p>In addition, the Council received funding of £170,850 in 2022/23 to devise a discretionary element to supplement the above scheme; payments totalling £164,240 were issued during 2022/23.</p> <p>The Council brought its Household Waste Collection contract back in house with effect from 11<sup>th</sup> June 2022. Whilst this was a significant operational change, we do not envisage any material impact on the financial statements for 2022/23.</p> <p>The Council has received an allocation of £3.4m under the UK Shared Prosperity Fund (UKSPF); this is revenue and capital funding to support Town Centre and infrastructure improvements, regeneration and skills over the period 2022/23 to 2024/25.</p> <p>The allocations for 2022/23 are £83k (Capital) and £326k (Revenue)</p>

<p>2. Have you considered the appropriateness of the accounting policies adopted by the Council?</p> <p>Have there been any events or transactions that may cause you to change or adopt new accounting policies? If so, what are they?</p>	<p>We have considered the accounting policies. There have not been any events or transactions that have caused us to change or adapt our accounting policies, however MRP calculations are now performed on an annuity basis (commencing 2022/23).</p>
<p>3. Is there any use of financial instruments, including derivatives? If so, please explain</p>	<p>No</p>
<p>4. Are you aware of any significant transaction outside the normal course of business? If so, what are they?</p>	<p>Nothing in addition to those mentioned at Question 1.</p>
<p>5. Are you aware of any changes in circumstances that would lead to impairment of non-current assets? If so, what are they?</p>	<p>Prevailing economic conditions may see temporary reductions in some fixed asset valuations.</p>
<p>6. Are you aware of any guarantee contracts? If so, please provide further details</p>	<p>None</p>
<p>7. Are you aware of the existence of loss contingencies and/or un-asserted claims that may affect the financial statements? If so, please provide further details</p>	<p>No</p>

8. Other than in house solicitors, can you provide details of those solicitors utilised by the Council during the year. Please indicate where they are working on open litigation or contingencies from prior years?	<p>In terms of accessing external legal support the details are as follows:</p> <ol style="list-style-type: none"> <li>1. DAC Beachcroft – Solicitors – instructed on a litigation issue</li> <li>2. Weightmans – Solicitors – instructed on a number of property matters</li> <li>3. Kings Chambers – barristers – instructed on a number of planning matters.</li> <li>4. Forbes Solicitors – miscellaneous employment advice</li> </ol>
9. Have any of the Council's service providers reported any items of fraud, non-compliance with laws and regulations or uncorrected misstatements which would affect the financial statements? If so, please provide further details	No
10. Can you provide details of other advisors consulted during the year and the issue on which they were consulted?	<p>See attached:</p>  <p>GT Summary - SRBC External Consultant:</p>
11. Have you considered and identified assets for which expected credit loss provisions may be required under IFRS 9, such as debtors (including loans) and investments? If so, please provide further details	None identified

## FRAUD RISK ASSESSMENT

<p>1. Has Council assessed the risk of material misstatement in the financial statements due to fraud?</p> <p>How has the process of identifying and responding to the risk of fraud been undertaken and what are the results of this process?</p> <p>How do the Council's risk management processes link to financial reporting?</p>	<p>Yes, and there is no indication that the financial statements have been materially misstated due to fraud</p> <p>Internal Audit undertake their own proactive fraud detection work and participate fully in the National Fraud Initiative.</p> <p>Based on its activity, Internal Audit is responsible for reporting significant risk exposures and control issues identified to the Governance Committee and to Senior Management Team, including fraud risks and governance issues.</p> <p>Internal Audit Section will undertake special investigations in cases of suspected fraud or irregularity. Financial Procedure Rules and the Council's Anti-Fraud and Corruption Policy require the Head of Audit to be notified immediately of all discovered or suspected cases of fraud, corruption or other financial irregularity.</p> <p>Fraud in relation to revenues and benefits is dealt with separately by specific investigation officers.</p> <p>The s151 Officer has the overall responsibility for assessing the risk of material misstatement in the financial statements and is supported by services who provide the appropriate evidence for this assessment.</p> <p>A review of all corporate risks forms part of the quarterly report to the Leadership Team, of which the CFO is a member, identifying risk levels, risk owners and mitigating actions. This is reported to Shared Senior Management Team of which the CFO is a member.</p> <p>All reports submitted to committees require financial comments from the CFO or qualified representative. In addition, a risk section has been added to reports so that authors outline the major risks associated with decisions.</p> <p>Financial implications of future risks are discussed amongst officers at Senior Management Team as well interaction with members at leader's brief and committee meetings</p>
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2. What have you determined to be the classes of accounts, transactions and disclosures most at risk to fraud?	<p>There is always a risk of error and fraud in relation to Benefits and supplier payments however we are confident this is mitigated through quality assurance processes, segregation of duties and internal checks within the systems / teams involved.</p> <p>An additional level of assurance is provided through the work of Internal Audit.</p>
3. Are you aware of any instances of actual, suspected or alleged fraud, errors or other irregularities either within the Council as a whole, or within specific departments since 1 April 2022? If so, please provide details	No
4. As a management team, how do you communicate risk issues (including fraud) to those charged with governance?	<p>Through the work carried out by internal audit</p> <p>Reporting of Corporate Risks to Governance Committee</p> <p>Specific fraud would be communicated to the Governance Committee when deemed material</p>
<p>5. Have you identified any specific fraud risks? If so, please provide details</p> <p>Do you have any concerns there are areas that are at risk of fraud?</p> <p>Are there particular locations within the Council where fraud is more likely to occur?</p>	<p>Fraud risk associated with Covid Business Grants was no longer an issue in 2022/23 as reliefs (e.g. CARF) were applied directly to Business Rates accounts (as opposed to payments being made).</p> <p>No</p> <p>No</p>

<p>6. What processes do the Council have in place to identify and respond to risks of fraud?</p>	<p>Internal Audit, in accordance with the Public Sector Internal Audit Standards considers the risk of fraud in every review.</p> <p>Fraud risks are included on the Council's dedicated risk management system GRACE and categorised as a fraud risk to allow for specific fraud risk monitoring.</p>
<p>7. How do you assess the overall control environment for the Council, including:</p> <ul style="list-style-type: none"> <li>• the existence of internal controls, including segregation of duties; and</li> <li>• the process for reviewing the effectiveness the system of internal control?</li> </ul> <p>If internal controls are not in place or not effective where are the risk areas and what mitigating actions have been taken?</p> <p>What other controls are in place to help prevent, deter or detect fraud?</p> <p>Are there any areas where there is a potential for override of controls or inappropriate influence over the financial reporting process (for example because of undue pressure to achieve financial targets)? If so, please provide details</p>	<p>During 22/23, a comprehensive internal audit plan has been delivered for the Council focusing on the overall control environment to consider if it is effective. Where controls are deemed to be ineffective or need strengthening, a robust action plan is developed with the risk owner with agreed timescales for implementation of mitigating actions.</p> <p>Counter Fraud policies are in place and available on both the intranet and the website. These include:</p> <ul style="list-style-type: none"> <li>• Anti Fraud, Bribery and Corruption Strategy</li> <li>• Whistleblowing policy</li> <li>• Anti money laundering policy.</li> <li>• The Fraud Response plan</li> </ul> <p>No specific areas for the over ride of controls have been identified during 22/23.</p>

<p>8. Are there any areas where there is potential for misreporting? If so, please provide details</p>	<p>There is adequate separation of duties in place to prevent the potential for misreporting</p>
<p>9. How does the Council communicate and encourage ethical behaviours and business processes of it's staff and contractors?</p> <p>How do you encourage staff to report their concerns about fraud?</p> <p>What concerns are staff expected to report about fraud? Have any significant issues been reported? If so, please provide details</p>	<p>The Code of Conduct including ethical standards and behaviours which officers are required to comply with. The code is referenced in employee appointment letters and a link is provided in the letter to a number of relevant documents including the Code of Conduct, adherence to which is a condition of their employment</p> <p>The Information Security Policy is also there which states what is acceptable and unacceptable in terms of information and using the Council's IT systems.</p> <p>Council values that provide an ethical framework are used at recruitment and during staff reviews.</p> <p>Awareness is raised of probity policies via Core Brief and items on the Intranet.</p> <p>Mandatory fraud awareness training has been rolled out to all officers.</p> <p>No significant issues have been reported</p>
<p>10. From a fraud and corruption perspective, what are considered to be high-risk posts?</p> <p>How are the risks relating to these posts identified, assessed and managed?</p>	<p>The recruitment process includes robust measures to ensure all relevant documents are obtained and reviewed prior to an offer of employment being made.</p>
<p>11. Are you aware of any related party relationships or transactions that could give rise to instances of fraud? If so, please provide details</p> <p>How do you mitigate the risks associated with fraud related to related party relationships and transactions?</p>	<p>No</p> <p>Major related party's risks are monitored and reported separately</p>

<p>12. What arrangements are in place to report fraud issues and risks to the Governance Committee?</p> <p>How does the Governance Committee exercise oversight over management's processes for identifying and responding to risks of fraud and breaches of internal control?</p> <p>What has been the outcome of these arrangements so far this year?</p>	<p>Governance Committee approve the Internal Audit Plan and receive interim reports throughout the year. Reports contain a summary of work undertaken and would include fraud risk and issues and breaches of internal control if identified.</p> <p>There have been no instances of fraud reported to the Governance Committee during 22/23</p>
<p>13. Are you aware of any whistle blowing potential or complaints by potential whistle blowers? If so, what has been your response?</p>	<p>No</p>
<p>14. Have any reports been made under the Bribery Act? If so, please provide details</p>	<p>No</p>

## IMPACT OF LAW & REGULATIONS

<p>1. How does management gain assurance that all relevant laws and regulations have been complied with?</p>	<p>It is a requirement for the Monitoring Officer to receive and comment on all council and executive decisions.</p>
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<p>What arrangements does the Council have in place to prevent and detect non-compliance with laws and regulations?</p> <p>Are you aware of any changes to the Council 's regulatory environment that may have a significant impact on the Council's financial statements?</p>	<p>Internal controls, segregation of duties, and the work of Internal Audit / risk management processes outlined previously</p> <p>None</p>
<p>2. How is the Governance Committee provided with assurance that all relevant laws and regulations have been complied with?</p>	<p>Monitoring Officer (or deputy) attends all Governance Committee meetings</p>
<p>3. Have there been any instances of non-compliance or suspected non-compliance with laws and regulation since 1 April 2022 with an on-going impact on the 2022/23 financial statements? If so, please provide details</p>	<p>None</p>
<p>4. Are there any actual or potential litigation or claims that would affect the financial statements? If so, please provide details</p>	<p>None</p>
<p>5. What arrangements does the Council have in place to identify, evaluate and account for litigation or claims?</p>	<p>Litigation or claims may be picked up by legal services or services. Where necessary these will be reported to the Leader of the Council through the monitoring officer. Any budget implications of such litigations will be reported to Executive Cabinet, either through a separate report or through the quarterly budget monitoring report.</p> <p>The Council has set aside reserves to fund possible future costs of planning appeals.</p>

6. Have there been any reports from other regulatory bodies, such as HM Revenues and Customs, which indicate non-compliance? If so, please provide details

None

## RELATED PARTIES

1. Have there been any changes in the related parties including those disclosed in the Council's 2020/21 financial statements?

If so please summarise:

- the nature of the relationship between these related parties and the Council
- whether the Council has entered into or plans to enter into any transactions with these related parties
- the type and purpose of these transactions

The Shared Service operating model with Chorley Borough Council continued to be rolled out through 2022/23, overseen by a joint Committee with representation from both Councils.

2. What controls does the Council have in place to identify, account for and disclose related party transactions and relationships?

Finance obtain lists of all related parties / declarations of interest from;

- Directors
- Staff
- Elected Members

	Any potential conflicts are addressed.
3. What controls are in place to authorise and approve significant transactions and arrangements with related parties?	<p>The Council has sufficient separation of duties and appropriate authorisation limits to ensure purchase orders and invoices are paid as required.</p> <p>Monthly budget monitoring ensures that the Council will identify any variances to agreed payments with related parties.</p>
4. What controls are in place to authorise and approve significant transactions outside of the normal course of business?	<p>Payments cannot be paid outside normal procedure rules including separation of duties regarding payments being raised and invoices paid.</p> <p>There is no out of hours service.</p>

#### GOING CONCERN

1. What processes and controls does management have in place to identify events and / or conditions which may indicate that the statutory services being provided by the Council will no longer continue?	<ul style="list-style-type: none"> <li>• Development &amp; continuing refresh of Corporate Strategy</li> <li>• Individual service and employee plans linked to Corporate Strategy</li> <li>• Regular reviews of service and corporate level risk registers</li> <li>• In year budget monitoring</li> <li>• Medium Term financial planning (Revenue)</li> <li>• Capital Strategy</li> </ul>
2. Are management aware of any factors which may mean for the Council that either statutory services will no longer be provided or that	No – not aware of any factors

funding for statutory services will be discontinued? If so, what are they?	
3. With regard to the statutory services currently provided by the Council, does the Council expect to continue to deliver them for the foreseeable future, or will they be delivered by related public authorities if there are any plans for the Council to cease to exist?	Yes – direct provision for the foreseeable future
4. Are management satisfied that the financial reporting framework permits the Council to prepare its financial statements on a going concern basis?  Are management satisfied that preparing financial statements on a going concern basis will provide a faithful representation of the items in the financial statements?	Yes – satisfied  Yes - satisfied

## ACCOUNTING ESTIMATES

1. What are the classes of transactions, events and conditions, that are significant to the financial statements that give rise to the need for, or changes in, accounting estimate and related disclosures?	Pension Valuations  PPE Valuations  Minimum Revenue Provision  Material Creditor and Debtor transactions including shared services charges between Councils
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	<p>Provision for Business Rates appeals.</p> <p>Preparation of Group Accounts</p>
2. How does the Council's risk management process identify and address risks relating to accounting estimates?	<p>This is dealt with within the finance section</p> <p>Senior Finance staff keep up-to-date with changes in accounting practises including purchasing the Code of Practice, attending relevant CIPFA training sessions and reviewing previous accounts to prepare for any changes.</p>
3. How does management identify the methods, assumptions or source data, and the need for changes in them, in relation to key accounting estimates?	<p>Use of the CIPFA code of practice for local govt accounts. Review of source data provided to external experts (PP&amp;E, pensions) and comparison of assumptions and results between financial years.</p>
4. How do management review the outcomes of previous accounting estimates?	<p>Comparison of estimates to eventual actual transactions, use this to form future judgements. Use these to review and challenge current outcomes of estimates.</p>
5. Were any changes made to the estimation processes in 2022/23 and, if so, what was the reason for these?	<p>No changes made to the processes, however underlying assumptions are continually reviewed and changed as necessary.</p>
6. How does management identify the need for and apply specialised skills or knowledge related to accounting estimates?	<p>Review of skills held internally, and outsource identified gaps, using knowledge of reputable and appropriate experts.</p>

7. How does the Council determine what control activities are needed for significant accounting estimates, including the controls at any service providers or management experts?	Review the underlying assumptions, and where there is material change, analyse to understand it and/or challenge the results.
8. How does management monitor the operation of control activities related to accounting estimates, including the key controls at any service providers or management experts?	Answered above
<p>9. What is the nature and extent of oversight and governance over management's financial reporting process relevant to accounting estimates, including:</p> <ul style="list-style-type: none"> <li>- Management's process for making significant accounting estimates</li> <li>- The methods and models used</li> <li>- The resultant accounting estimates included in the financial statements.</li> </ul>	<p>Any substantial changes to the statement of accounts that result from changes in accounting estimates will be reported to Governance Committee alongside the draft statement.</p> <p>If any changes to accounting policy / estimation methods gave rise to a significant movement from previous years, then we would reference this in the covering report / when presenting the draft accounts</p>
10. Are management aware of any transactions, events, conditions (or changes in these) that may give rise to recognition or disclosure of significant accounting estimates that require significant judgement (other than those in Appendix A)? If so, what are they?	No

11. Why are management satisfied that their arrangements for the accounting estimates, as detailed in Appendix A, are reasonable?	Yes
12. How is the Governance Committee provided with assurance that the arrangements for accounting estimates are adequate ?	<p>Any substantial changes to the statement of accounts that result from changes in accounting estimates will be reported to Governance Committee alongside the draft statement.</p> <p>If any changes to accounting policy / estimation methods gave rise to a significant movement from previous years, then we would reference this in the covering report / when presenting the draft accounts</p>

## APPENDIX A - ACCOUNTING ESTIMATES

### Land and buildings Valuations

Question	Management response
1. Were any risks identified relating to the material accuracy of this accounting estimate for the financial year and, if so, how were these risks addressed?	No.
2. How do management select, or design, the methods, used in respect of this accounting estimate, including the models used? Were any changes made to these methods or models in 2022/23, and if so what was the reason for the change?	<p>Valuations done by RICS surveyors.</p> <p>No.</p>
3. How do management select the assumptions used in respect of this accounting estimate? Were any changes made to these assumptions in 2022/23, and if so what was the reason for the change?	n/a

<p>4. How do management select the source data used in respect of this accounting estimate? Were any changes made to this source data in 2022/23, and if so what was the reason for the change?</p>	<p>As per agreed valuations schedule.  No.</p>
<p>5. Were any specialised skills or knowledge used in respect of this accounting estimates, and if so how were these specialist skills procured?</p>	<p>RICS surveyors – work goes out to tender every 3 years. Due for tender exercise next year.</p>
<p>6. How do management monitor the operation of control activities in relation to this accounting estimates, including the control activities at any service providers or management experts?</p>	<p>Review of valuations done by surveyors – challenged as necessary.</p>
<p>7. In management’s opinion, are their adequate controls in place over the calculation of this accounting estimate, including those at any service provider or management expert used, and if so how is the robustness of the key controls assessed?</p>	<p>Yes</p>
<p>8. Were any changes made to the key control activities this year? If so please provide details.</p>	<p>No</p>
<p>9. How do management consider the estimation uncertainty related to this accounting estimate and address this uncertainty when selecting the point estimate to use?</p>	<p><b>n/a</b></p>
<p>10. How do management consider the sensitivity of the estimate to the methods and assumptions used and identify the range of reasonably possible outcomes for disclosure in the financial statements?</p>	<p><b>Range of outcomes is limited given the area of estimation.</b></p>



## Depreciation

Question	Management response
1. Were any risks identified relating to the material accuracy of this accounting estimate for the financial year and, if so, how were these risks addressed?	No.
2. How do management select, or design, the methods, used in respect of this accounting estimate, including the models used? Were any changes made to these methods or models in 2022/23, and if so what was the reason for the change?	As per financial policy/accounting convention.  No.
3. How do management select the assumptions used in respect of this accounting estimate? Were any changes made to these assumptions in 2022/23, and if so what was the reason for the change?	From valuers, or consistent schedule.  No.
4. How do management select the source data used in respect of this accounting estimate? Were any changes made to this source data in 2022/23, and if so what was the reason for the change?	Asset Register.  No.
5. Were any specialised skills or knowledge used in respect of this accounting estimates, and if so how were these specialist skills procured?	No
6. How do management monitor the operation of control activities in relation to this accounting estimates, including the control activities at any service providers or management experts?	n/a

7. In management's opinion, are their adequate controls in place over the calculation of this accounting estimate, including those at any service provider or management expert used, and if so how is the robustness of the key controls assessed?	Yes
8. Were any changes made to the key control activities this year? If so please provide details.	No
9. How do management consider the estimation uncertainty related to this accounting estimate and address this uncertainty when selecting the point estimate to use?	<b>Refer to valuations/info returned by the surveyors.</b>
10. How do management consider the sensitivity of the estimate to the methods and assumptions used and identify the range of reasonably possible outcomes for disclosure in the financial statements?	<b>Review by finance team along with consideration of info from valuers</b>

### Deferred Income

Question	Management response
1. Were any risks identified relating to the material accuracy of this accounting estimate for the financial year and, if so, how were these risks addressed?	No
2. How do management select, or design, the methods, used in respect of this accounting estimate, including the models used? Were any changes made to these methods or models in 2022/23, and if so what was the reason for the change?	No deferred income identified  No changes

<p>3. How do management select the assumptions used in respect of this accounting estimate? Were any changes made to these assumptions in 2022/23, and if so what was the reason for the change?</p>	<p>N/a n/a</p>
<p>4. How do management select the source data used in respect of this accounting estimate? Were any changes made to this source data in 2022/23, and if so what was the reason for the change?</p>	<p>Data is direct from ledger if applicable no</p>
<p>5. Were any specialised skills or knowledge used in respect of this accounting estimates, and if so how were these specialist skills procured?</p>	<p>In house accounting team knowledge</p>
<p>6. How do management monitor the operation of control activities in relation to this accounting estimates, including the control activities at any service providers or management experts?</p>	<p>Leases all flow through finance – other transactions would be monitored on the ledger</p>
<p>7. In management’s opinion, are their adequate controls in place over the calculation of this accounting estimate, including those at any service provider or management expert used, and if so how is the robustness of the key controls assessed?</p>	<p>Yes</p>
<p>8. Were any changes made to the key control activities this year? If so please provide details.</p>	<p>None</p>
<p>9. How do management consider the estimation uncertainty related to this accounting estimate and address this uncertainty when selecting the point estimate to use?</p>	<p>Limited estimation so uncertainty not great.</p>

10. How do management consider the sensitivity of the estimate to the methods and assumptions used and identify the range of reasonably possible outcomes for disclosure in the financial statements?	Scale is not such that changes can have a material impact.
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### Bad-debt provision

Question	Management response
1. Were any risks identified relating to the material accuracy of this accounting estimate for the financial year and, if so, how were these risks addressed?	No
2. How do management select, or design, the methods, used in respect of this accounting estimate, including the models used? Were any changes made to these methods or models in 2022/23, and if so what was the reason for the change?	Method agreed as part of accounting policy and process  No
3. How do management select the assumptions used in respect of this accounting estimate? Were any changes made to these assumptions in 2022/23, and if so what was the reason for the change?	Based upon prior experience and accountancy standards.  No
4. How do management select the source data used in respect of this accounting estimate? Were any changes made to this source data in 2022/23, and if so what was the reason for the change?	Data is from ledger / debtors system  No

5. Were any specialised skills or knowledge used in respect of this accounting estimates, and if so how were these specialist skills procured?	No
6. How do management monitor the operation of control activities in relation to this accounting estimates, including the control activities at any service providers or management experts?	Aged debt monitored and reported quarterly
7. In management's opinion, are their adequate controls in place over the calculation of this accounting estimate, including those at any service provider or management expert used, and if so how is the robustness of the key controls assessed?	Yes – debtors regularly monitored
8. Were any changes made to the key control activities this year? If so please provide details.	No
9. How do management consider the estimation uncertainty related to this accounting estimate and address this uncertainty when selecting the point estimate to use?	Specific areas are examined by individual finance officer where there is greater risk e.g. rental income
10. How do management consider the sensitivity of the estimate to the methods and assumptions used and identify the range of reasonably possible outcomes for disclosure in the financial statements?	Provision required is considered each year based upon past evidence and economic conditions as well as specific service knowledge.

### Provision (NNDR)

Question	Management response
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1. Were any risks identified relating to the material accuracy of this accounting estimate for the financial year and, if so, how were these risks addressed?	No.
2. How do management select, or design, the methods, used in respect of this accounting estimate, including the models used? Were any changes made to these methods or models in 2022/23, and if so what was the reason for the change?	For pre-2017 List appeals, a calculation is carried out based on levels of outstanding appeals, the grounds of the appeals and past experience of success rates and levels of reductions in RV. For the 2017 List, provision is based on an estimated percentage, derived with reference to comparator councils, adjusted for changes made at the 'Check' and 'Challenge' stages. No change.
3. How do management select the assumptions used in respect of this accounting estimate? Were any changes made to these assumptions in 2022/23, and if so what was the reason for the change?	Estimates are derived by reference to the available relevant data, comparators, etc and in accordance with professional standards and guidance.
4. How do management select the source data used in respect of this accounting estimate? Were any changes made to this source data in 2022/23, and if so what was the reason for the change?	From reports produced by the Revenues & Benefits Department. No.
5. Were any specialised skills or knowledge used in respect of this accounting estimates, and if so how were these specialist skills procured?	Advice from LG Futures. Procured through usual Council procurement procedure.
6. How do management monitor the operation of control activities in relation to this accounting estimates, including the control activities at any service providers or management experts?	In house procedures/controls

7. In management's opinion, are their adequate controls in place over the calculation of this accounting estimate, including those at any service provider or management expert used, and if so how is the robustness of the key controls assessed?	Estimate has been produced in-house. LG Futures have been retained to review and advise on its appropriateness.
8. Were any changes made to the key control activities this year? If so please provide details.	No.
9. How do management consider the estimation uncertainty related to this accounting estimate and address this uncertainty when selecting the point estimate to use?	A degree of estimation uncertainty is inherent even with the pre-2017 List, because although it is based on objective data and an established methodology, there is always the possibility of variation from previous percentage success rates and RV reduction. The uncertainty is higher in respect of the 2017 List, where there is very little objective evidence on which to assess the likely ultimate level of successful appeals. The percentage applied is judged to be within the range of likely outcomes, but towards the higher end of that range. Consideration has been given to applying a lower percentage, but this would expose the Council to the risk of future loss without the provision to cover it, with the possibility that this could be for a significant amount.
10. How do management consider the sensitivity of the estimate to the methods and assumptions used and identify the range of reasonably possible outcomes for disclosure in the financial statements?	

### Accruals

Question	Management response
1. Were any risks identified relating to the material accuracy of this accounting estimate for the financial year and, if so, how were these risks addressed?	No

<p>2. How do management select, or design, the methods, used in respect of this accounting estimate, including the models used? Were any changes made to these methods or models in 2022/23, and if so what was the reason for the change?</p>	<p>Based upon actual invoices or purchasing system or where this isn't available best relevant estimates.</p> <p>No</p>
<p>3. How do management select the assumptions used in respect of this accounting estimate? Were any changes made to these assumptions in 2022/23, and if so what was the reason for the change?</p>	<p>Dependent on accrual type – most driven by invoices and system. Estimates on bills where information not available based on service and finance knowledge.</p> <p>No</p>
<p>4. How do management select the source data used in respect of this accounting estimate? Were any changes made to this source data in 2022/23, and if so what was the reason for the change?</p>	<p>From ledger and any relevant data / information</p> <p>No</p>
<p>5. Were any specialised skills or knowledge used in respect of this accounting estimates, and if so how were these specialist skills procured?</p>	<p>No</p>
<p>6. How do management monitor the operation of control activities in relation to this accounting estimates, including the control activities at any service providers or management experts?</p>	<p>Journals are authorised and listings with supporting evidence kept</p>
<p>7. In management's opinion, are their adequate controls in place over the calculation of this accounting estimate, including those at any service provider or management expert used, and if so how is the robustness of the key controls assessed?</p>	<p>Yes – as based upon system and controls around financial system maintained.</p>



8. Were any changes made to the key control activities this year? If so please provide details.	No
9. How do management consider the estimation uncertainty related to this accounting estimate and address this uncertainty when selecting the point estimate to use?	Relatively small uncertainty as most based upon invoices / evidence of trends
10. How do management consider the sensitivity of the estimate to the methods and assumptions used and identify the range of reasonably possible outcomes for disclosure in the financial statements?	Again as based off invoice / trends most is actual cost based.

#### Fair Value loans – NOT APPLICABLE

Question	Management response
1. Were any risks identified relating to the material accuracy of this accounting estimate for the financial year and, if so, how were these risks addressed?	
2. How do management select, or design, the methods, used in respect of this accounting estimate, including the models used? Were any changes made to these methods or models in 2022/23, and if so what was the reason for the change?	
3. How do management select the assumptions used in respect of this accounting estimate? Were any changes made to these assumptions in 2022/23, and if so what was the reason for the change?	

<p>4. How do management select the source data used in respect of this accounting estimate? Were any changes made to this source data in 2022/23, and if so what was the reason for the change?</p>	
<p>5. Were any specialised skills or knowledge used in respect of this accounting estimates, and if so how were these specialist skills procured?</p>	
<p>6. How do management monitor the operation of control activities in relation to this accounting estimates, including the control activities at any service providers or management experts?</p>	
<p>7. In management's opinion, are their adequate controls in place over the calculation of this accounting estimate, including those at any service provider or management expert used, and if so how is the robustness of the key controls assessed?</p>	
<p>8. Were any changes made to the key control activities this year? If so please provide details.</p>	
<p>9. How do management consider the estimation uncertainty related to this accounting estimate and address this uncertainty when selecting the point estimate to use?</p>	
<p>10. How do management consider the sensitivity of the estimate to the methods and assumptions used and identify the range of reasonably possible outcomes for disclosure in the financial statements?</p>	

### Minimum Revenue Provision (MRP)

Question	Management response
1. Were any risks identified relating to the material accuracy of this accounting estimate for the financial year and, if so, how were these risks addressed?	No
2. How do management select, or design, the methods, used in respect of this accounting estimate, including the models used? Were any changes made to these methods or models in 2022/23, and if so what was the reason for the change?	Based upon accounting principles  Yes – as agreed at budget setting 22/23 – move to annuity basis in most instances
3. How do management select the assumptions used in respect of this accounting estimate? Were any changes made to these assumptions in 2022/23, and if so what was the reason for the change?	Asset life based upon valuations. Costs are from ledger  No
4. How do management select the source data used in respect of this accounting estimate? Were any changes made to this source data in 2022/23, and if so what was the reason for the change?	Information from ledger / valuers  No
5. Were any specialised skills or knowledge used in respect of this accounting estimates, and if so how were these specialist skills procured?	Asset life from valuers where applicable
6. How do management monitor the operation of control activities in relation to this accounting estimates, including the control activities at any service providers or management experts?	Capital monitoring reported during year including financing

7. In management's opinion, are their adequate controls in place over the calculation of this accounting estimate, including those at any service provider or management expert used, and if so how is the robustness of the key controls assessed?	Yes – reviewed in year and reported in quarterly reports plus feeds in to treasury management and capital strategies
8. Were any changes made to the key control activities this year? If so please provide details.	No
9. How do management consider the estimation uncertainty related to this accounting estimate and address this uncertainty when selecting the point estimate to use?	Costs are based on actuals – assets lives from valuers. Relatively little uncertainty
10. How do management consider the sensitivity of the estimate to the methods and assumptions used and identify the range of reasonably possible outcomes for disclosure in the financial statements?	Asset lives can change but generally assumptions relatively fixed.

### Pension Liability

Question	Management response
1. Were any risks identified relating to the material accuracy of this accounting estimate for the financial year and, if so, how were these risks addressed?	No
2. How do management select, or design, the methods, used in respect of this accounting estimate, including the models used? Were any changes made to these methods or models in 2022/23, and if so what was the reason for the change?	Accounting estimates in respect of member data and payments into/out the scheme are made based on year to date actuals and management knowledge of future changes. Accounting estimates in terms of the actuarial process are made by Mercer. There were no changes to the accounting estimates made by the council.

<p>3. How do management select the assumptions used in respect of this accounting estimate? Were any changes made to these assumptions in 2022/23, and if so what was the reason for the change?</p>	<p>Advice is taken from the Actuary who provide their advice in two documents entitled “Pensions Accounting – Assumptions &amp; Other Considerations” and “Pensions Accounting Employer Support”. We then choose to accept this advice or offer alternative assumptions. We have chosen to accept the Actuarial advice for the 2022-23 financial year. Any changes to the assumptions and the rationale are set out in the above documents.</p>
<p>4. How do management select the source data used in respect of this accounting estimate? Were any changes made to this source data in 2022/23, and if so what was the reason for the change?</p>	<p>Source data is held by the Lancashire Pension Fund. There were no changes</p>
<p>5. Were any specialised skills or knowledge used in respect of this accounting estimates, and if so how were these specialist skills procured?</p>	<p>An Actuary (Mercer) is used. They are procured through the Lancashire Pension Fund although we have the option not to use them.</p>
<p>6. How do management monitor the operation of control activities in relation to this accounting estimates, including the control activities at any service providers or management experts?</p>	<p>Payments made into and out of the scheme for employer and employee contributions are monitored on a monthly basis as part of the budget monitoring process. A month 10 data check is carried out on the figures provided by the Lancashire Pension Fund which is then supplied to the Actuary.</p>
<p>7. In management’s opinion, are their adequate controls in place over the calculation of this accounting estimate, including those at any service provider or management expert used, and if so how is the robustness of the key controls assessed?</p>	<p>Yes – the month 10 data check should ensure consistency and any estimations made by the Actuary are supplied in advance which we have the option to check and challenge.</p>
<p>8. Were any changes made to the key control activities this year? If so please provide details.</p>	<p>No.</p>

9. How do management consider the estimation uncertainty related to this accounting estimate and address this uncertainty when selecting the point estimate to use?	Reliance on the specialist knowledge and independent nature of the Actuary.
10. How do management consider the sensitivity of the estimate to the methods and assumptions used and identify the range of reasonably possible outcomes for disclosure in the financial statements?	Sensitivity to the major assumptions, and the financial impact they could potentially have are reported in the Statement of Accounts within note 37 – Defined Pension Scheme.

#### Credit loss – NOT APPLICABLE

Question	Management response
1. Were any risks identified relating to the material accuracy of this accounting estimate for the financial year and, if so, how were these risks addressed?	
2. How do management select, or design, the methods, used in respect of this accounting estimate, including the models used? Were any changes made to these methods or models in 2022/23, and if so what was the reason for the change?	
3. How do management select the assumptions used in respect of this accounting estimate? Were any changes made to these assumptions in 2022/23, and if so what was the reason for the change?	

<p>4. How do management select the source data used in respect of this accounting estimate? Were any changes made to this source data in 2022/23, and if so what was the reason for the change?</p>	
<p>5. Were any specialised skills or knowledge used in respect of this accounting estimates, and if so how were these specialist skills procured?</p>	
<p>6. How do management monitor the operation of control activities in relation to this accounting estimates, including the control activities at any service providers or management experts?</p>	
<p>7. In management's opinion, are their adequate controls in place over the calculation of this accounting estimate, including those at any service provider or management expert used, and if so how is the robustness of the key controls assessed?</p>	
<p>8. Were any changes made to the key control activities this year? If so please provide details.</p>	
<p>9. How do management consider the estimation uncertainty related to this accounting estimate and address this uncertainty when selecting the point estimate to use?</p>	

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