

**Annex B - 2021/22 Audit Findings Summary**  
**Misstatements Summary**

Corrected	Debit/ (credit) income statement £000	Debit/ (credit) in net assets £000	Debit/ (credit) OCI/Equity £000	Misstatement Description	General Fund Impact	Budgetary Impact
<b>Misstatements identified in current year</b>						
Misclassification of expenditure	196/(£196)	-	-	This related to expenditure mapped as revenue income in the CIES. Needed to be moved from the income column to the expenditure column.	None	None
Vendor accounts with net debit balance	-	491/(£491)	-	This was moving £491k from creditors to Cash & Cash Equivalents £389k and debtors £102k	None	None
Grant income classification	3,160/(£3,160)	-	-	This related to grant income mapped as revenue expenditure in the CIES. Needed to be moved from the expenditure column in S&R to the income column.	None	None
Incorrectly classified debtors	-	70/(£70)	-	This related to a debit balance within creditors - move from creditors to debtors	None	None
Overprovision of accumulated leave balance	(£271)	£271.00	-	The accumulated leave balance is a technical adjustment managed through an unusable reserve and has no bearing on the revenue budget.	None	None
Impairment of Gryllus investments (standalone accounts)	£3,970.00	(£3,970)	-	None, this relates to matching the value of Gryllus assets in the single entity account. Previously Code Guidance allowed for these to be held at cost. The Group Accounts have always shown the assets at their current value.	None	None
Correcting classification of investments	-	9,415/(£9,415)	-	Reclassification of cash investments from short-term to long-term.	None	None
Overstatement of receipt in advance	-	411/(£411)	-	This was where RIA were overstated as the income had not been received in the bank and therefore was included in the debtor control account as well. Move from RIA to debtors	None	None

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<b>Misstatements identified in prior years</b>						
Correcting classification of investments	-	9,686/(£9,686)	-	Reclassification of cash investments from short-term to long-term.	None	None
<b>Total</b>	<b>£3,699.00</b>	<b>(£3,699)</b>				
<p>The corrected misstatements here have no General Fund or budgetary impact. They are largely classification issues between one or more lines on the balance sheet or one or more lines in the Income and Expenditure Statement. The only exceptions are the accumulated absence accrual and the treatment of Gryllus property valuations, both of which only impact on unusable, technical reserves. Officers will endeavour to review these classification matters in future to reduce the number of changes, however with time pressure on publishing the draft accounts, there are diminishing returns from the time invested in matters that don't affect the General Fund.</p>						

<b>Uncorrected</b>	<b>Debit/ (credit) income statement £000</b>	<b>Debit/ (credit) in net assets £000</b>	<b>Debit/ (credit) OCI/Equity £000</b>	<b>Misstatement Description</b>	<b>General Fund Impact</b>	<b>Budgetary Impact</b>
<b>Misstatements identified in current year</b>						
Provision on long outstanding debt	63	(63)	-	A review of the aged debtors showed that some debtor balances have been outstanding for a number of years. The amount proposed is not material to the accounts and Officers will be undertaking a full review of the balances outstanding alongside any write offs proposed.	63	None, resolved in 2022/23
Understatement of pension assets	-	471	(471)	This is a technical adjustment on the value of pension assets which has no budgetary or reserves impact. TDC's approach is to match the actuarial report and no deviation is accepted.	None	None

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Non-recoverable long-term investments	113	(113)		This relates to housing renovation and improvements loans which had been raised a numbers of years ago. Investigations into the recoverability of these loans proved unsuccessful and therefore the balance was written of against general fund revenue in the in the 2023-24 outturn	113	None, resolved in 2023/24
Overstatement of the creditors	(114)	114		This is offset by the projected error in account receivables. The impact of both has been reflected in the 2022-23 outturn	(114)	None, resolved in 2022/23
Projected error in account receivables	119	(119)		This is offset by overstatement of the creditors. The impact of both has been reflected in the 2022-23 outturn	119	None, resolved in 2022/23.
Understatement of AUC accrual	199	(199)		This related to HRA capital and the impact has been reflected in the 2022-23 capital outturn.	None	Resolved in 2022/23 Capital Outturn
Valuation methodology differences	-	70	(70)	£38k relates to HRA dwellings and £32k to GF land and buildings. During the audit it was discovered that several HRA assets were not revalued resulting in a estimated misstatement of £38k. HRA assets are valued on an annual basis so we will ensure that all assets are included on the schedules provided to our valuers. That said, the adjustment would not be material in relation to the total HRA dwellings of £338m. In line with the Council's revaluation policy for general fund properties they are revalued on a 5 year rolling programme. The £32k relates to the estimated misstatement of the properties that were not due for revaluation in 2021-22.	None	None
Write-off of investment property	153	(153)		This related to previous years' expenditure on a capital project that did not go ahead. This affected the general fund outturn in 2022-23 as the balance was written off to the revenue account	153	None - resolved in 2022/23 outturn

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Error in HRA debtor balance	(317)	317		This relates to the HRA and has been corrected in 2022-23, and ongoing, as part of reconciling the housing rents debtors. The housing rents debtor is now stated correctly in the accounts.	None	None
Overstatement of pension liability		122	(122)	The relates to the over accrual for holiday pay, mainly the general fund but a small element relates to the HRA. However there is no impact on outturn as both the accrual and the reserve sit within the balance sheet	None	None
Impact of Goodwin case		(300)	300	The Goodwin Case identified that survivors of marriages and civil partnerships were not always treated in the same way. Deloitte believe that there is a misstatement of £300k as a result of this ruling. It is recognised that any potential impact would impact between 0.1% and 0.2% of the Defined Benefit Obligation (£150m). The Pensions report is already robustly challenged to test for reasonableness. As acknowledged by Deloitte the impact could be 0.0% and so would not require any adjustment. Any adjustment would not be material and as in the example above the adjustment proposed in an estimated amount and may need adjustment in future years If reported by the actuary.	None	None
Cut-off error on housing benefits	(140)		140	Management do not consider this an error as it matches the DWP accounting and funding regime.	(140)	None
<b>Misstatements identified in prior years</b>						

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Overstatement of management charges for Quadrant House	(172)	47	125	The management of the accounting for Quadrant House now sits in the SCC Joint Working Agreement which has a more robust handle on issues such as this.	(172)	None
<b>Total</b>	<b>(96)</b>	<b>194</b>	<b>(98)</b>		<b>22</b>	
<p>The uncorrected misstatements here have no General Fund or budgetary impact since they were immaterial, left unchanged and were all resolved in 2022/23 or 2023/24. The net effect of all General Fund items is £22k or c.0.2% of budget. Management have been in the process of reviewing thoroughly all balance sheet accounts for historic balances and writing them out where they are no longer supported by robust evidence. This process is ongoing and will address these errors in future. Management do not believe that the Housing Benefit and Pensions matters are errors since the accounting values are based on the most robust evidence available.</p>						