

Appendix B – Unadjusted Misstatements

Misstatements identified in 2020/21

1. Pension Liabilities adjustment in respect of plan assets

During the 2020/21 audit of the Surrey Pension Fund accounts their external auditors discovered that there was an estimation difference in the Private Equity assets valuation of the fund totalling £38m. This item was in connection to a "level 3" investment. These are private market investments which are not traded in the same way as quoted or pooled investments. The valuation of these investments therefore takes some time to generate. Any adjustments are down to additional information obtained after the audit. The accounting estimates would have been produced with the best available information at the time. Surrey Pension Fund do not consider this to be an error. No adjustment was required by the auditors and no adjustment was made to the accounts.

The £608k included in the report is also an estimated number calculated by Deloitte. There is no accurate way of calculating the exact impact this valuation difference would have on the Tandridge accounts. The actuary reports detailing the Tandridge impact was not rerun and any change would mean that the Tandridge accounts would not balance back to the actuary reports.

2. Pension liabilities adjustment in respect of the Goodwin case

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 0.0% 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.

3. HRA assets not revalued.

In line with the Council's fixed assets policy, all HRA assets are revalued annually. However, during the audit it was discovered that 28 HRA assets had not been revalued in the year. We have agreed with the recommendation that we should ensure all information provided to the valuers is accurate and complete for future years. Deloitte have estimated the potential misstatement using the index recommendations from the Valuer's Market review report as at 31 March 2021 and proposed the adjustment. The potential misstatement calculated by Deloitte's was £79k. This adjustment would not be material in relation to the total HRA assets of £340m.

4. Difference between GL and debtors ledger which management cannot substantiate.

During the year it has been noted that one of the General Ledger balances in debtors does not agree with the subledger breakdown. Deloitte have proposed the adjustments in respect of this. We do not feel that the GL balance is incorrect and we will make sure that balances reconcile with the subledger moving forward.

5. Provision on long outstanding debt

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 we will be undertaking a full review of the balances outstanding alongside any write offs proposed.

Misstatements identified in 2019/20

6. Adjustment in valuation of Quadrant House

This is an adjustment to the closing balance of 2019/20. The balance as at the end of 2020/21 is correct and so the only change required will have no material impact on the 2020/21 statements.