

APPENDIX 1 - RESPONSES TO 11 JUNE 2019 AUDIT COMMITTEE QUESTIONS AND QUERIES ON THE DRAFT ACCOUNTS

Action Log Item	Response / Update
a) On the presentation there was a request to insert an additional blank line between net assets and the usable reserves line to make the distinction clearer.	A line has been added and will appear in the final accounts.
b) Page 6 - Request that the diagram which was no longer produced in colour on printed agendas due to cost should be changed to dots / hatch lines so it showed up in black and white.	A deliberate effort has been made to modernise the Statement of Accounts document, with the aim of increasing the visual appeal and accessibility of the document for the general public. The majority of stakeholders, including the external auditors and Central Government, as well as much of the general public, will access the document electronically and therefore the use of colour increases clarity. The document will usually only be printed twice for the Committee Members (once for the draft accounts and once for the final accounts) so the cost of printing is minimised; additional black and white friendly versions of graphs/diagrams can be provided to Members if required.
c) Page 7 add to text in the line. Make specific reference to the loss of Government support grant.	Wording added to the final accounts to make clear that RSG is being reduced by Central Government.
d) Page 8 last line 22 being red rated required more explanation.	A table of KPI results (RAG-rated) has been added to the performance section of the narrative report in the final accounts.
e) Page 17 Explanation on Cambridge and Peterborough Combined Authority - there were material changes in terms of levy and grant which was why it had been included. Officers were asked to review if it was required.	The CPCA section has been retained as the levy is potentially material, it is a "public sector" related party by nature and the switch of accountable body for the LEP and grant of powers on the AEB (which happened during the year of account) need to be noted.
f) Page 27 last paragraph reference to it should be made explicit that this is being taken away by Central Government.	Additional wording has been added and will appear in the final accounts.
g) No reference in narrative to Shire Hall move, LGSS, BDO, Guided Bus - officers to consider whether any should be made.	For BDO and the Guided Busway, there is not anything significant to report for the year at this time and therefore no reference to these areas have been added to the narrative report. Some wording has been added regarding the LGSS operating model review and repatriation of Finance Business Partners and Democratic Services. No reference added in relation to Shire Hall/Cambs 2020, but will be included in the narrative report in 2019/20.
h) Page 41 Cash Flow Statement Line - explanation required for: a) Impairment and downward valuations goes from -£12,142k to £114,246; b) Increase / decrease in Debtors large variation.	a) The figure of £114,246k was an error and has subsequently been amended to -£9,387 (prior to any audit adjustments); b) The majority of the increase in debtors was driven by: loans to This Land (+ £60m), an increase in trade debtors (+ £9m, of which £7.2m related to one invoice for S106 receipts issued in March 2019 and not due for payment until the new financial year), an increase in the amounts owed by District Councils relating to the Council Tax and NDR Collection Funds (+ £3m, as a result in differences between estimates and actual results).
i) those lines having a figure in 2018 and showing 0 in 2019. Action to look at.	Cash payments for finance lease and PFI contracts for 2018/2019 had not been separated out in the cash flow statement in error; this has been corrected for the final accounts.

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j) Page 49 - Surplus in brackets and then no more references. Action to look at.	Presentation changed: "(Surplus) or Deficit" now amended to read 'Surplus (-) or Deficit' in line with the presentation style used in the statement.
k) Page 75 opening balance adjustment £26,180 explanation required for this. Action JL.	A prior period adjustment disclosure note is to be added to the final accounts in relation to this adjustment, once the wording has been agreed with EY. The adjustment was made as a result of the data cleansing exercise undertaken for the implementation of the ERP Gold fixed asset register, which identified that the accounting for some assets undergoing revaluation in Oracle Projects (where the asset had had manual valuation adjustments made historically due to system inflexibility) had not correctly included the full adjustment required between the Revaluation Reserve and the Capital Adjustment Account. Both of these accounts are Unusable Reserves and, as such, the adjustment between the two accounts does not impact on any other area of the accounts.
l) Page 78 and 79 top left hand text reading "cost of valuation" - this was confusing. Action JL to check whether this was an accounting code requirement. <i>(Post meeting Note: this should simply read 'cost or valuation' and would be amended in the final statements).</i>	The wording at the top of both tables in this disclosure note has been corrected.
m) Page 87 Public Works Loans Board (PWLB): a) Fair value hierarchy for financial liabilities top line query on why fair value amounts were both showing -£391,618; b) Second sentence text not clear why the Council should be paying additional interest - explanation required if PWLB loans were meant to be cheaper than market rates.	a) The fair value figures for 2017/18 had been incorrectly used for 2018/19 also; this has now been corrected. b) PWLB loans are cheaper than market rates, however some PWLB borrowing undertaken in previous years was at a higher fixed rate than was available at 31st March 2019. As such, a notional loss is shown for the commitment to pay PWLB above current market rates. The potential for rescheduling of debt is kept under review by Officers, however penalties for early settlement of borrowing are often greater than the saving available from rescheduling.
n) Page 92 table required to be filled in.	The breakdown of short term debtors between Central Government, the NHS and Other Debtors has been prepared for inclusion in the final accounts.
o) Page 93 - ditto above - for short term creditors.	The breakdown of short term creditors between Central Government, the NHS and Other Debtors has been prepared for inclusion in the final accounts.
p) Page 93 why was cash equivalents 0 in 2019?	The Money Market Funds and Barclays Liquidity Account balances at 31st March 2019 had been incorrectly accounted for as cash; these balances have been correctly identified as cash equivalents for the final accounts.
q) Page 114 Pension Scheme assets -cash and cash equivalent halved - there was no Pensions' officer present to explain this.	Throughout 2018/19 strategic changes to the Pensions Investment Asset allocation have been undertaken. This has increased other asset classes which is reflected in Note 17a.

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r) Page 127 The Cromwell Museum -the note made no reference to value -this required explanation.	The Cromwell Museum should not have been included in this disclosure note, as the Collection was transferred to the Cromwell Museum Trust in 2018/19 (following the transfer of the management of the museum during 2017/18); it has been removed from this disclosure note for the final accounts.
s) Page 128 – Civic Regalia – as had been raised in previous years, the explanation that items value was not known was not considered satisfactory as there must be a value that could be obtained as they would have a value if they required to be replaced. Officers were asked to look at this further.	The CIPFA Code of Practice for Local Authority Accounting states that if a value does not exists for a Heritage Asset there is not a requirement to obtain one but a disclosure note is required. Therefore from an accounting perspective the financial statements are correct in respect of the presentation of the Civic Regalia.