

## Appendix A – Schedule of Unadjusted Misstatements

### Impact of unadjusted misstatements

The table below provides details of adjustments identified during the 2018/19 audit which have not been made within the final set of financial statements. The General Purposes and Audit Committee is required to approve management's proposed treatment of all items recorded within the table below:

Detail	Comprehensive Income and Expenditure Statement £'000	Statement of Financial Position £'000	Impact on total net expenditure £'000	Reason for not adjusting
<p><b>1 Incorrect Treatment of Dedicated Schools Grant (DSG) Deficit</b>                      Due to pressures within the High Needs Block within DSG the Council has provided additional funding in excess of the government grant to meet local needs and as a result has a cumulative DSG deficit of £9.3m at the end of 2018/19. Our audit views is that this amount should be recorded as a charge against the General Fund. The Council has shown the deficit amount as a Debtor indicating that the Council believes this amount is recoverable. Our audit view is that it is unlikely that this amount will be repaid and we consider the debtor should be impaired in full which would generate a charge on the General Fund.</p>	Dr Expenditure - 9,193	Cr Debtors – 9,193	<ul style="list-style-type: none"> <li>An increase of £9,193k</li> </ul>	The Council has shown the DSG deficit as a debtor as we believe the DfE should correctly fund Council's, their guidance says that Council's should not have to cover shortfalls.  We have submitted our recovery plan to the DfE and have confidence in our ability to deliver to it.
<p><b>2 Incorrect Floor Area on Revalued Asset</b>                      During the course of our PPE Testing, we identified a difference in the floor area on the Council's Systems and the floor area identified by the Valuer. For the asset identified, the floor area was understated by 1,617 m<sup>2</sup>, leading to the asset being undervalued by <b>£3.014m</b>. When this error is extrapolated over the remainder of the population, it generates a potential error of <b>£9.837m</b>.</p>	Cr Gain on Revaluation – 9,837	Dr PPE – 9,837 Cr Revaluation Reserve – 9,837	<ul style="list-style-type: none"> <li>A decrease of £9,837k</li> </ul>	This is an extrapolation and not an actual error, therefore the Council is not going to adjust for this error.
<p><b>3 Updated Valuation of Investment</b>                      At the date of preparing the draft Accounts, the Council had been unable to obtain an up to date valuation of its holding in the Real Lettings Fund. Upon receipt of the updated valuation, it was identified that there was a <b>£2.710m</b> increase in the valuation of the Fund.</p>	Cr Gain on Revaluation – 2,710	Dr Long Term Investments – 2,710 Cr – General Fund – 2,710	<ul style="list-style-type: none"> <li>A decrease of £2,710k</li> </ul>	The Council has not amended for this error due to the complexity of the relevant transactions, and the challenge of putting through all the amendments correctly
<b>Overall impact</b>	<b>-£3,354</b>	<b>-£3,354</b>	<b>-£3,354</b>	

