Annual Audit Letter

Trafford Metropolitan Borough Council

Year ending 31 March 2019

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1. EXECUTIVE SUMMARY

Purpose of the Annual Audit Letter

Our Annual Audit Letter summarises the work we have undertaken as the auditor for Trafford Metropolitan Borough Council (the Council) for the year ended 31 March 2019. Although this letter is addressed to the Council, it is designed to be read by a wider audience including members of the public and other external stakeholders.

Our responsibilities are defined by the Local Audit and Accountability Act 2014 (the 2014 Act) and the Code of Audit Practice issued by the National Audit Office (the NAO). The detailed sections of this letter provide details on those responsibilities, the work we have done to discharge them, and the key findings arising from our work. These are summarised below.

Area of responsibility	Summary
Audit of the financial statements	Our auditor's report issued on 27 September 2019 included our opinion that the financial statements: • give a true and fair view of the Council's financial position as at 31 March 2019 and of its expenditure and income for the year then ended; and • have been prepared properly in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2018/19
Other information published alongside the audited financial statements	Our auditor's report issued on 27 September 2019 included our opinion that: • The other information in the Statement of Accounts is consistent with the audited financial statements.
Value for Money conclusion	Our auditor's report concluded that we are satisfied that in all significant respects, the Council has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2019, except for the overall effectiveness of the Council's services for children.
Reporting to the group auditor	In line with group audit instructions issued by the NAO in June 2019, we plan to report to the group auditor in line with the requirements applicable to the Council's WGA return. This work is currently in progress.
Statutory reporting	Our auditor's report confirmed that we did not use our powers under s24 of the 2014 Act to issue a report in the public interest or to make written recommendations to the Council.

2. AUDIT OF THE FINANCIAL STATEMENTS

Opinion on the financial statements	**Unqualified**

The scope of our audit and the results of our work

The purpose of our audit is to provide reasonable assurance to users that the financial statements are free from material error. We do this by expressing an opinion on whether the statements are prepared, in all material respects, in line with the financial reporting framework applicable to the Council and whether they give a true and fair view of the Council's financial position as at 31 March 2019 and of its financial performance for the year then ended.

Our audit was conducted in accordance with the requirements of the Code of Audit Practice issued by the NAO, and International Standards on Auditing (ISAs). These require us to consider whether:

- the accounting policies are appropriate to the Council's circumstances and have been consistently applied and adequately disclosed;
- the significant accounting estimates made by management in the preparation of the financial statements are reasonable; and
- the overall presentation of the financial statements provides a true and fair view.

Our auditor's report, issued to the Council on 27 September 2019, stated that, in our view, the financial statements give a true and fair view of the Council's financial position as at 31 March 2019 and of its financial performance for the year then ended.

Our approach to materiality

We apply the concept of materiality when planning and performing our audit, and when evaluating the effect of misstatements identified as part of our work. We consider the concept of materiality at numerous stages throughout the audit process, in particular when determining the nature, timing and extent of our audit procedures, and when evaluating the effect of uncorrected misstatements. An item is considered material if its misstatement or omission could reasonably be expected to influence the economic decisions of users of the financial statements.

Judgements about materiality are made in the light of surrounding circumstances and are affected by both qualitative and quantitative factors. As a result we have set materiality for the financial statements as a whole (financial statement materiality) and a lower level of materiality for specific items of account (specific materiality) due to the nature of these items or because they attract public interest. We also set a threshold for reporting identified misstatements to the Accounts and Audit Committee. We call this our trivial threshold.

The table below provides details of the materiality levels applied in the audit of the financial statements for the year ended 31 March 2019:

		Group	Council single-entity
Financial statement materiality	Our financial statement materiality is based on 1.75 of gross expenditure at the Surplus/Deficit on Provision of Services level.	£9.035m	£8.896m
Trivial threshold	Our trivial threshold is based on 3% of financial statement materiality.	£0.271m	£0.267m
Specific materiality	We have applied a lower level of materiality to the following areas of the accounts: Senior manager remuneration		£5,000

Our response to significant risks

As part of our continuous planning procedures we considered whether there were risks of material misstatement in the Council's financial statements that required special audit consideration. We reported significant risks identified at the planning stage to the Accounts and Audit Committee within our Audit Strategy Memorandum and provided details of how we responded to those risks in our Audit Completion Report. The table below outlines the identified significant risks, the work we carried out on those risks and our conclusions.

Significant risk	Description of the risk
Management override of controls	In all entities, management at various levels within an organisation are in a unique position to perpetrate fraud because of their ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. Due to the unpredictable way in which such override could occur, we consider there to be a risk of material misstatement due to fraud and thus a significant risk on all audits.
	How we addressed this risk We addressed this risk through performing audit work over: • Accounting estimates impacting on amounts included in the financial statements; • Consideration of identified significant transactions outside the normal course of business, being the additional loan provided to Manchester Airport Holdings Limited; and • Journals recorded in the general ledger and other adjustments made in preparation of the financial statements.
	Audit conclusion There are no significant matters arising from our work on the management override of controls.

2. AUDIT OF THE FINANCIAL STATEMENTS

Significant risk

Valuation of Property, Plant & Equipment

Description of the risk

The CIPFA Code requires that where assets are subject to revaluation, their year end carrying value should reflect the fair value at that date. The Council has adopted a rolling revaluation model which sees all land and buildings revalued in a five year cycle.

The valuation of Property, Plant & Equipment involves the use of a management expert (the valuer), and incorporates assumptions and estimates which impact materially on the reported value. There are risks relating to the valuation process.

As a result of the rolling programme of revaluations, there is a risk that individual assets which have not been revalued for up to four years are not valued at their materially correct fair value. In addition, as the valuations are undertaken through the year there is a risk that the fair value as the assets is materially different at the year end.

How we addressed this risk

We have:

- Critically assessed the Council's valuer's scope of work, qualifications, objectivity and independence to carry out the Council's programme of revaluations;
- Considered whether the overall revaluation methodology used by the Council valuer is in line with industry practice, social housing statutory guidance, the CIPFA Code of Practice and the Council's accounting policies;
- Critically assessed the appropriateness of the underlying data and the key assumptions used in the valuer's calculations;
- Critically assessed the appropriateness of the social housing factor applied to the valuation of the Council Dwellings;
- Assessed the movement in market indices between the revaluation dates and the year end to determine whether there have been material movements over that time;
- Critically assessed the treatment of the upward and downward revaluations in the Council's financial statements with regards to the requirements of the CIPFA Code of Practice;
- Critically assessed the approach that the Council adopts to ensure that assets not subject to revaluation in 2018/19 are materially fairly stated; and
- Tested a sample of items of capital expenditure in 2018/19 to confirm that the additions are appropriately valued in the financial statements.

Audit conclusion

We have not identified any material matters to report regarding the valuation risk of land and buildings. However, we have made recommendations to management to improve the quality of supporting documentation provided by the valuer to enable management to more effectively fulfil their responsibility to satisfy themselves that the values they are including in the accounts are reasonable.

2. AUDIT OF THE FINANCIAL STATEMENTS

Significant risk	Description of the risk
Valuation of Defined Benefit Pension Liability	The net pension liability represents a material element of the Council's balance sheet. The Council is an admitted body of Greater Manchester Pension Fund, which had its last triennial valuation completed as at 31 March 2016. The valuation of the Local Government Pension Scheme relies on a number of assumptions, most notably around the actuarial assumptions, and actuarial methodology which results in the Council's overall valuation. There are financial assumptions and demographic assumptions used in the calculation of the Council's valuation, such as the discount rate, inflation rates and mortality rates. The assumptions should also reflect the profile of the Council's employees, and should be based on appropriate data. The basis of the assumptions is derived on a consistent basis year to year, or updated to reflect any changes. There is a risk that the assumptions and methodology used in valuing the Council's pension obligation are not reasonable or appropriate to the Council's circumstances. This could have a material impact to the net pension liability in 2018/19.
	How we addressed this risk We have: • Critically assessed the competency, objectivity and independence of the Greater Manchester Pension Fund's Actuary, Hymans Robertson; • Liaised with the auditors of the Greater Manchester Pension Fund to gain assurance that the controls in place at the Pension Fund are operating effectively. This included the processes and controls in place to ensure data provided to the Actuary by the Pension Fund for the purposes of the IAS19 valuation is complete and accurate; • Reviewed the appropriateness of the Pension Asset and Liability valuation methodologies applied by the Pension Fund Actuary, and the key assumptions included within the valuation. This included comparing them to expected ranges, utilising information provided by PWC, consulting actuary engaged by the National Audit Office; • Reviewed the impact of the Guaranteed Minimum Pension and McCloud legal cases on the net pension fund liability; and • Agreed the data in the IAS 19 valuation report provided by the Fund Actuary for accounting purposes to the pension accounting entries and disclosures in the Council's financial statements.
	Audit conclusion We have not identified any significant matters from our testing, and we have concluded that the Council's reported net defined benefit pension liability is materially fairly stated. We have reported a non-material estimation difference of £4.55m regarding the impact of Guaranteed Minimum Pension and McCloud legal cases. Management identified the impact following a revised actuarial valuation in July 2019.

2. AUDIT OF THE FINANCIAL STATEMENTS

Management judgement **Valuation of investment in Manchester Airport Holdings Limited**	**Description of the management judgement** The Council uses an external valuation expert to determine the value of its investment in Manchester Airport Holdings Limited at 31 March 2019. The valuation is determined according to a methodology and applying assumptions. Council officers challenge the valuation assumptions and reach judgements on the valuation to include in the financial statements.
	How our audit addressed this area of management judgement Mazars' in-house valuation team reviewed the methodology and key assumptions used by management's expert, considering the appropriateness of the methodology and the reasonableness of the assumptions used.
	Audit conclusion We have not identified any significant matters from our testing, and we have concluded that the Council's investment in Manchester Airport Holdings Limited is materially fairly stated.
Management judgement **Accounting for The outstanding liability for the Private Finance Initiative (PFI) contract in Sale Town Centre**	**Description of the management judgement** In 2003 the Council entered into a 25 year PFI contract for the provision of new office and community facilities in Sale Town Centre. The outstanding liability relating to this scheme represents a material figure on the Council's balance sheet and is derived from a financial model that incorporates assumptions and estimates which impact materially on the reported value. There is a risk that the assumptions and methodology applied to calculate the accounting entries are not appropriate and given this is the first year of our appointment as your external auditors we will need to obtain assurance that accounting entries are not materially misstated.
	How our audit addressed this area of management judgement We have: • Reviewed the Council IFRIC 12 assessment and associated disclosures • Considered whether the accounting model reflects the operator's model and produces reliable results for the financial statements • Checked that outputs from the accounting model are correctly reflected in the financial statements, relevant disclosures have been made and these agree to supporting documentation.
	Audit conclusion We have not identified any significant matters from our testing, and we have concluded that the PFI Liability is materially fairly stated.

3. VALUE FOR MONEY CONCLUSION

Value for Money conclusion	Qualified

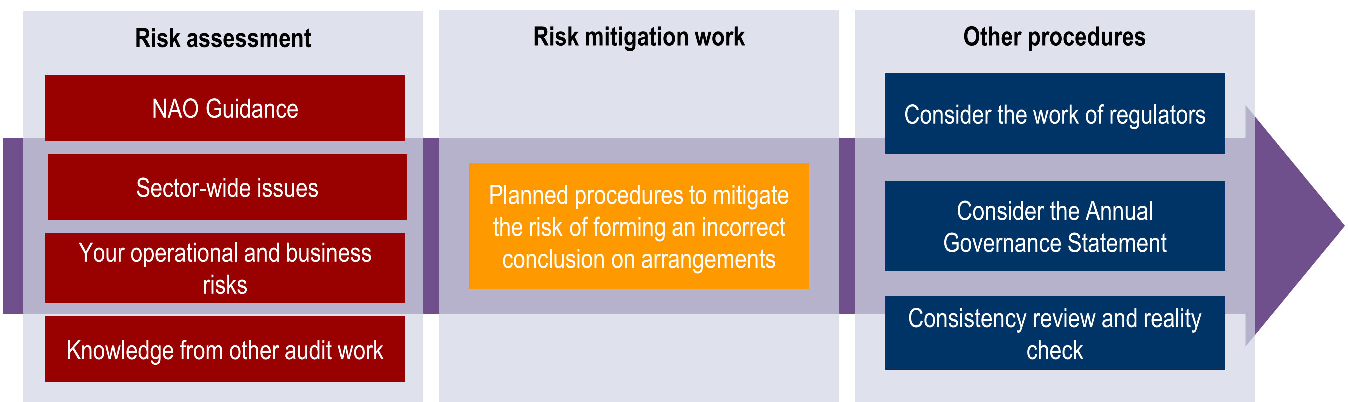
Our approach to Value for Money

We are required to form a conclusion as to whether the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The NAO issues guidance to auditors that underpins the work we are required to carry out in order to form our conclusion, and sets out the criterion and sub-criteria that we are required to consider.

The overall criterion is that, 'in all significant respects, the Council had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people.' To assist auditors in reaching a conclusion on this overall criterion, the following sub-criteria are set out by the NAO:

- Informed decision making
- Sustainable resource deployment
- Working with partners and other third parties

A summary of the work we have undertaken is provided below:



Significant Value for Money risks

The NAO's guidance requires us to carry out work to identify whether or not a risk to the Value for Money conclusion exists. Risk, in the context of our Value for Money work, is the risk that we come to an incorrect conclusion rather than the risk of the arrangements in place at the Council being inadequate. In our Audit Strategy Memorandum, we reported that we had identified three significant Value for Money risks relating to the financial sustainability of the Council in the medium term, the Council's investment strategy and work to integrate health and social care services with Trafford Clinical Commissioning Group (CCG).

Since issuing our Audit Strategy Memorandum the Council has undergone an Ofsted inspection of its Children's Social Care Services. The inspection report was issued on 8 May 2019 and concluded that the overall effectiveness of the Council's services for children is inadequate. This is a deterioration from the overall conclusion of the previous inspection in 2015 when services were rated as good overall. We have considered whether the Ofsted inspection findings indicate a significant Value for Money risk, and have concluded that it does. Consequently we intend to issue a qualified 'except for' Value for Money conclusion for 2018/19.

In considering this we have read the Ofsted report and discussed the Council's response with officers. In the period between inspection and receipt of the formal inspection report, the Chief Executive took immediate steps to address the issues Ofsted had raised. These actions included:

- £1.5m set aside to fund improvements in 2019/20 with further work to identify and plan for recurrent additional costs;
- External support brought in to undertake casefile audits to address weaknesses in record keeping and processes; and
- Recruitment of new social workers to support reduced caseloads, the reorganisation of teams and new management arrangements to ensure sufficient review and support.

3. VALUE FOR MONEY CONCLUSION

The Chief Executive has also led the Council's work to develop a full Improvement Plan to respond to all of the issues raised in the inspection report. The plan was submitted to Ofsted on 13 August 2019. A full Improvement Board is in place at the Council and met for the first time on 1 August 2019, with an independent Chair appointed by the Department for Education, who will report regularly to the Department on progress being made. This replaced the shadow Board which had previously been set up to oversee the Council's immediate response. The costs associated with delivering the improvement Plan have been built into budgets and a risk register is in place and being monitored. An interim Programme Manager has been appointed to lead the implementation of the actions once formally agreed.

3. VALUE FOR MONEY CONCLUSION

The work we carried out in relation to significant risks is outlined below.

Risk	Work undertaken	Conclusion
Financial budget pressures The Council's future budgets remain challenging with a forecast funding gap of £41m in the Medium Term Financial Strategy to 2022 (source: draft budget report to Executive October 2018). Proposals were put forward for 2019/20 to reduce the gap by £16.03m though additional funding, income generation and new savings, leaving residual budget gaps of £2.36m in 2019/20, £10.38m in 2020/21 and £12.61m in 2021/22. In January 2019 the Council forecast a small revenue saving of £28k at the end of 2018/19 and so close monitoring and management of budget pressures was required to maintain a balanced position.	**Work undertaken** We have reviewed the Council's performance in delivering the 2018/19 budget and financial plans, including the arrangements established by the Council to identify, manage and monitor revenue pressures and savings proposals in order to deliver a balanced position for 2018/19 and to address the forecast budget gap to 2022. **Findings** The Council has effective arrangements to report on its financial position and forecasts, including pressures and actions being taken to address them. Despite some significant pressures reported during 2018/19 the Council achieved a year end underspend of £1.8m against its revenue budget and delivered savings totalling £10.489m against the target of £9.97m. However, there remain a number of pressures around social care demand led services that will need to be managed in order to deliver a balanced position in 2019/20. The Council has robust arrangements in place for setting the annual revenue budget and updating the Medium Term Financial Strategy (MTFS), including workshops in 2018 with the Executive and Corporate Leadership Team to develop the 2019/20 budget and update the MTFS to 2022. The Council also clearly recognises the risks to the forecasts associated with the proposed "hard reset" of the business rate baselines, now planned from 2021/22, and the fair funding review in 2020/21 which may have an adverse impact on the Council's funding streams. Delivery of a balanced positon on the 2019/20 revenue budget will require use of £2.8m of reserves, income generation of £3.3m and transformational service delivery savings of £3.6m. There are also forecast funding gaps of £15.7m in 2020/21 and £12.8m in 2021/22. The Council expects to reduce its total earmarked reserves by £12.3m between 31 March 2019 and 31 March 2022 whilst maintaining the General Fund reserve at the assessed minimum required level of £7m. Earmarked reserves at 31 March 2019, excluding schools, totalled £43.3m. The use of reserves to support revenue budgets in the longer term is not sustainable, and the Council will need to ensure that its longer term financial sustainability does not deplete its reserves to unsustainably low levels.	We conclude that for 2018/19 the Council has made proper arrangements to deliver financial sustainability in the medium term.

3. VALUE FOR MONEY CONCLUSION

The work we carried out in relation to significant risks is outlined below.

Risk	Work undertaken	Conclusion
Investment strategy The Council has developed its investment strategy to support its financial resilience and address funding gaps. The fund currently totals £300m with plans for it to increase to £400m in 2019/20 and £174.2m investment commitments to date.	**Work undertaken** We have reviewed the governance arrangements in place for the identification, evaluation and approval of investments from the fund and subsequent monitoring and reporting of investment performance against expected returns. **Findings** In 2017 the Council established the Investment Management Board (IMB) as a cross-party body responsible for overseeing the Council's investment activity and implementing the adopted investment strategy. It has clear terms of reference that were updated and approved by Council in November 2018. The role of the IMB is to provide strategic direction and oversight of the Investment Strategy, including approval of investment opportunities and it sets out the policies for the management of its investments. IMB have full delegated power from Council for investments so that they have swift decision making within the investments budget. The IMB reports annually to Council as part of the budget process, confirming the forecast investment income for the Council. In-year reporting on investments and returns is via the Budget Monitoring reports to each meeting of the Executive. The investment fund has been increased from £300m to £400m in 2019/20. Advice and support for investment decisions is provided by the Council's appointed investment advisers and it acts under advisement from a number of senior officers. Due diligence is undertaken for each investment but the Council recognises there is still a risk to this income stream and so a risk reserve is being built up. At the end of 2018/19 ten investments from the investment fund had been approved by the IMB with a total value of over £175m, £58m of which had been invested in 2018/19, providing returns of £1.67m. The budget report to Council in February 2019 estimated £8m returns on the Council's investments from the investment fund in 2019/20. We understand this is currently on track to be achieved.	We conclude that for 2018/19 the Council has made proper arrangements for the consideration and approval of investments from the investment fund with adequate monitoring and reporting of investment performance.

3. VALUE FOR MONEY CONCLUSION

Risk	Work undertaken	Conclusion
Health and Social Care Integration: working with partners The Council is working with Trafford CCG and other partners towards the integration of health and social care to help secure a sustainable health and social care economy by 2021 by putting in place an integrated organisation for the Council and the CCG and a new model of care for community health, primary care and social care services. The Council and the CCG are also developing a single integrated strategic commissioning function, and a joint Chief Financial Officer has been appointed and is operating across the two organisations as part of these more integrated working arrangements.	**Work undertaken** We have reviewed arrangements in place for the Council to work with its partners to deliver transformation and efficiencies in the provision of health and social care services. **Findings** The Council continues to work with the CCG towards integrated health and social care services. Some joint director level roles are in place across both. However, in June 2018, the two organisations decided to re-establish separate posts for the Council Chief Executive and the CCG Accountable Officer rather than continue with a joint appointment. An Integrated Commissioning Directorate has been established, bringing together four commissioning teams and work is ongoing to align the statutory commissioning functions of the Director of Adult Social Care and the Director of Children's Services. Appropriate governance arrangements are in place to support work towards integration through: • The Trafford Joint Commissioning Board of a number of Council and CCG members, lay-members and officers, to provide local leadership and governance for joint commissioning arrangements and a link to the Greater Manchester Health and Social Care devolution arrangements. • A Health and Social Care Commissioning Advisory Board of officers from the Council and CCG to support the work of Trafford's Joint Commissioning Board. The Council and CCG continue work to establish a Single Commissioning Function. In October 2017, £22m was awarded from the Greater Manchester Transformation Fund to be used to deliver services that will enable the integration of health and social care, with match funding from the Council and CCG of £10.6m and a forecast £19.4m benefits resulting from service changes and improvements, giving a total budget of £52m. Actual spend at 31 March 2019 was £13m, £10m less than expected due to delays in implementing some schemes. Pooled budget arrangements remain in place between the Council and CCG for Learning Disability Services and the Better Care Fund for Adult Care services. The Council also provide some back office services to the CCG through a service level agreement arrangement and in March 2019 CCG staff have been co-located with Trafford Council staff in Trafford Town Hall, which is expected to further integrate and promote joint working.	We conclude that for 2018/19 the Council has made proper arrangements to work with partners towards the integration of health and social care services.

4. OTHER REPORTING RESPONSIBILITIES

Exercise of statutory reporting powers	**No matters to report/**
Completion of group audit reporting requirements	**To be completed**
Other information published alongside the audited financial statements	**Consistent**

The NAO's Code of Audit Practice and the 2014 Act place wider reporting responsibilities on us, as the Council's external auditor. We set out below, the context of these reporting responsibilities and our findings for each.

Matters on which we report by exception

The 2014 Act provides us with specific powers where matters come to our attention that, in our judgement, require reporting action to be taken. We have the power to:

- issue a report in the public interest;
- make statutory recommendations that must be considered and responded to publicly;
- apply to the court for a declaration that an item of account is contrary to law; and
- issue an advisory notice under schedule 8 of the 2014 Act.

We have not exercised any of these statutory reporting powers.

The 2014 Act also gives rights to local electors and other parties, such as the right to ask questions of the auditor and the right to make an objection to an item of account. We did not receive any such objections or questions.

During the year we received a number of questions from an elector about the Council's management restructure in July 2018. We responded to the elector. There are no matters to bring to your attention in this report.

Reporting to the NAO in respect of Whole of Government Accounts consolidation data

The NAO, as group auditor, requires us to complete the WGA Assurance Statement in respect of its consolidation data, and to carry out certain tests on the data. This work is currently in progress.

Other information published alongside the financial statements

The Code of Audit Practice requires us to consider whether information published alongside the financial statements is consistent with those statements and our knowledge and understanding of the Council. In our opinion, the other information in the Statement of Accounts is consistent with the audited financial statements.

5. OUR FEES

Fees for work as the Council's auditor

We reported our proposed fees for the delivery of our work in the Audit Strategy Memorandum, presented to the Accounts and Audit Committee in February 2019.

Having completed our work for the 2018/19 financial year, we can confirm that our final fees are as follows:

Area of work	2018/19 proposed fee	2018/19 final fee
Delivery of audit work under the NAO Code of Audit Practice	£91,008	101,417*

*The final fee includes:

- a fee variation of £4,322 agreed during the year with the Council for additional work required as part of our statutory audit to respond to an elector's questions.
- an additional charge of £600 in respect of work undertaken on the pension liability regarding GMP and McCloud legal rulings. This is subject to approval by PSAA Ltd.
- An additional fee charge of £5,487 in respect of additional work undertaken on the valuation of property, plant and equipment and investment properties. This is subject to approval by PSAA Ltd.

Fees for other work

We confirm that we have completed no non-audit engagement at the Council.

6. FORWARD LOOK

Audit Developments

Code of Audit Practice

The Code of Audit Practice sets out what local auditors of relevant local public bodies are required to do to fulfil their statutory responsibilities under the Local Audit and Accountability Act 2014. We have responded to the National Audit Office's consultation on the content of the Code (https://www.nao.org.uk/code-audit-practice/about-code/)

A new Code will be laid in Parliament in time for it to come in to force no later than 1 April 2020.

Financial Resilience

Government Spending Review

The Council will need to incorporate the outcome of the Spending Review in its Medium Term Financial Plan. The Government has announced a one year spending review in September for 2020/21, with the next multi-year Government Spending Review being delayed until 2020. The Council recognises a key issue is the management of general reserves to a level that ensures it remains financially resilient and able to deliver sustainable services. It must, therefore, ensure it clarifies and quantifies how it will bridge the funding gap through planned expenditure reductions and/ or income generation schemes.

Local Authority Financial Resilience Index

CIPFA is moving forward with its financial resilience index, which it believes will be a barometer on which local authorities will be judged. We would expect the Council to have at least considered the index once it is formally released.

Commercialisation

The National Audit Office will be publishing a report on Commercialisation during 2019. Depending on the Council's appetite for Commercialisation, we would expect the Council to consider the outcome of the report and ensure any lessons learnt are incorporated into business practice.

Further, the UK Debt Management Office's Annual Report, published on 23 July 2019, reported that, as at 31 March 2019, the Public Works Loan Board's loan book was £78.3 billion with 1,308 new loans totalling £9.1 billion advanced during the year. As a result, we expect local authorities to clearly demonstrate:

- the value for money in the use of Public Works Loan Board funds to acquire commercial property
- the arrangements for loan repayment through the updated Statutory Guidance on Minimum Revenue Provision in 2019/20, 2020/21 and beyond.

Financial Reporting

UK Local Government Annual Accounts

The CIPFA/LASAAC Local Authority Code Board specifies the financial reporting requirements for UK local government. A consultation is underway to inform the direction and strategy for local government annual accounts. We will be submitting our response and suggest practitioners also voice their opinion.

Lease accounting

The implementation of IFRS 16 *Leases* in the Code is delayed until 1 April 2020. The Council will need a project plan to ensure the data analysis and evaluation of accounting entries is completed in good time to ensure any changes in both business practice and financial reporting are captured.

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