

<b>Report title</b>	Accounting Estimate Management Summary	
<b>Accountable director</b>	Claire Nye, Director of Finance	
<b>Originating service</b>	Strategic Finance	
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<b>Report to be/has been considered by</b>	Not applicable.	

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**Recommendation for action:**

The Audit and Risk Committee is recommended to:

1. Consider and comment on the report of the external auditors, Grant Thornton.

## **1.0 Purpose**

- 1.1 To inform on all the key accounting estimates that will be included in the Council's financial statements this year.

## **2.0 Background**

- 2.1 International Auditing Standards place obligations on auditors to document their understanding of an entity and its environment, including the entity's internal control, in identifying and assessing the risks of material misstatement in the financial statements.
- 2.2 ISA (UK) 540 (Revised) Auditing Accounting Estimates and Related Disclosures (revised in December 2018) is effective for audits of financial statements for periods beginning on or after 15 December 2019; and requires auditors to understand a number of matters related to the Council's key accounting estimates.
- 2.3 To meet these requirements, the Council has considered and responded to the questions set out in Appendix 1.
- 2.4 The document in Appendix 1 focuses on the key estimates:
- Property, plant and equipment valuation estimate
  - Council dwellings valuation estimate
  - Investment property valuation estimate
  - Depreciation estimate
  - Valuation of defined benefit net pension liability estimate
  - Level 3 estimate - Birmingham Airport
  - Credit loss and impairment allowance estimate
  - Liabilities under PFI schemes estimate
  - Financial guarantees estimate
- 2.5 Each estimate includes a series of questions and the responses that Grant Thornton have received from the Council's management. The Audit & Risk Committee are asked to consider whether these responses are consistent with its understanding and whether there are any further comments it wishes to make.

## **3.0 Financial implications**

- 3.1 There are no specific financial implications arising from the recommendation in this report.

[EB/25022021/Q]

## **4.0 Legal implications**

- 4.1 There are no specific legal implications arising from the recommendation in this report.

[TS/25022021/R]

## **5.0 Equalities implications**

5.1 There are no equality implications arising from the recommendation in this report.

## **6.0 All other Implications**

6.1 COVID implications are covered in the appendices attached. There are no other implications arising from the recommendation in this report.

## **7.0 Schedule of background papers**

7.1 None.

## **8.0 Appendices**

8.1 Appendix 1: Accounting Estimate Management Summary