Summary of Findings

Risks identified in our Audit Plan	Commentary
Cash and Bank - ANSA – Cash and bank may have been overstated.	We performed the following: – Obtained and reviewed bank statements for all accounts at year end. – Obtained and reviewed bank reconciliations for every bank account at year end and one month post year end and tested a sample of reconciling items to post year end clearance and supporting documentation. – Obtained confirmation of all account balances direct from the bank. **Auditor commentary** • We have identified 3 transactions that were received in bank pre year end however missed the cut-off for inclusion on the GL. These were not material and therefore no adjustments have been proposed however we have recommended a control finding on page 12 [see internal control findings below]
Litigation and claims - ANSA There is a risk that provisions may be required for possible litigation. In prior years, management disclosed that there is an ongoing Health and Safety investigation in regards to an event that occurred during FY20/21. It is our understanding that a civil claim will be covered by insurance held by the Council. Therefore, it is unlikely that a liability will arise in ANSA as a result of this aspect of any claim.	We performed the following: – We will enquire with management regarding the latest status of the matter and review any correspondence. – We will also liaise with the Company's solicitors Backhouse Jones to obtain their latest view of the matter. – We will review management's disclosures to ensure that these are appropriate and adequate. **Auditor commentary** Management have disclosed a contingent liability within the notes to the financial statements, explaining the status of the investigation as at the reporting date along with an expected timeline to the outcome of the investigation. At this stage, there remains a range of potential outcomes, and it is unclear if ANSA will be prosecuted. We concur with the narrative of this disclosure given our conversations with the Company's solicitors and how the investigation impacts both Ansa and the Council.

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Internal Control Findings by Company

ANSA

Assessment	Issue & Risk	Recommendations
	Cash and bank When testing the bank reconciliations performed at year end, we identified two items that had not been posted in the general ledger but were received in the bank account before year end. We understand this was due to the receipts being received on 31st March in the bank statements but missing the cut-off for being posted to the general ledger.	We recommend a review of bank statements at year end to ensure that transactions are recorded in the correct period. **Management response** For future financial year ends, a live check on the bank account should be conducted on 31/03 so that we can ensure AR receipts are coded before the AP/AR cut off.
	Admin expenses When performing our administrative expense testing we were not able to obtain receipts for all transactions on an employee's company credit card statement.	We recommend that receipts are obtained for all expenses being claimed. **Management response** Staff should be reminded of the requirement to keep receipts and records for all credit card purchases. Staff should be trained, if necessary, on how to do this. Receipts should be readily available to be provided to finance staff upon request. Receipts should be spot-checked on a monthly basis. Instances of non-compliance should be repeatedly reported to line management and escalated to senior management team, if required. Further non-compliance should lead to withdrawal of use of credit card. The Companies are transitioning to the new bank contract with Lloyds where purchase card information is recorded via a streamlined app that requests receipts, coding and relevant approval - new purchase card policy guide has been revised for the new procedures which ensure these control points are highlighted and the purchase card user has to sign this agreement acknowledging their responsibility to provide evidence of transactions.

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	When testing the headcount reported in the financial statements, we were unable to agree it to the supporting report. We also performed a reconciliation of the closing headcount at 31 March 2022 plus starters and minus leavers in the year and we were unable to reconcile this to the reports or financial statements.	We recommend a review is done to ensure these agree to ensure accuracy in the financial statements and accuracy of the headcount reports. **Management response** Monthly reconciliation procedure to ensure that Unit 4 agrees to current active employments. Ensure any people who 'don't show up' are removed from the system. Ensure regular monitoring of the movement in employee numbers from the agreed total as per prior year financial statements. This ensures movement is correctly tracked the figure in the next year statement of accounts reconciles.
	Support for completion of performance obligations For some items in our sample of external revenue it was not possible to review supporting documentation to evidence the completion of the service to which the revenue related.	We recommended that evidence that service obligations have been fulfilled is maintained. We are aware that management are putting controls in place to fulfil this recommendation. However, as it has not been implemented during the time of the audit we have raised it again in FY23.
	Differences between VAT returns and the VAT TB codes We noted during fieldwork that there is a difference between the VAT return balance at year end versus the TB. Per discussions with management this is due to invoices received in April that have a tax point in FY22. These get picked up in the Q4 VAT return because the transaction date is in FY22. However, they aren't picked up in the VAT nominal because they are received after year end (but management have appropriately accrued for the transactions). We don't believe there to be a misstatement, however there is a greater risk of error when performing a reconciliation manually. We note this is relatively unusual when compared to other entities we audit.	We recommended that management seek a system fix to address this matter. We have identified a similar difference in FY23, therefore control recommendation remains.

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	Differences between VAT returns and the VAT TB codes We noted during fieldwork that there is a difference between the VAT return balance at year end versus the TB. Per discussions with management this is due to invoices received in April that have a tax point in FY22. These get picked up in the Q4 VAT return because the transaction date is in FY22. However, they aren't picked up in the VAT nominal because they are received after year end (but management have appropriately accrued for the transactions). We don't believe there to be a misstatement, however there is a greater risk of error when performing a reconciliation manually. We note this is relatively unusual when compared to other entities we audit.	We recommended that management seek a system fix to address this matter. We have identified a similar difference in FY23, therefore control recommendation remains.

Assessment:

Deficiency – risk of inconsequential misstatement.

Significant deficiency – risk of significant misstatement.

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