

# South Downs National Park Authority

Audit results report for the year ended 31 March 2014

Ernst & Young LLP



Building a better  
working world

Contents

**DELIBERATELY LEFT BLANK FOR PRINTING PURPOSES**

Private & Confidential  
Governance Committee  
South Downs National Park Authority  
South Downs Centre  
North Street  
Midhurst  
West Sussex  
GU29 9DH

5 September 2014

Dear Members

## **Audit results report**

We are pleased to attach our audit results report for the forthcoming meeting of the Governance Committee. This report summarises our preliminary audit conclusion in relation to South Downs National Park Authority (the Authority's) financial position and results of operations for the year ended 31 March 2014.

The audit is designed to express an opinion on the 2013/14 financial statements, reach a conclusion on the Authority's arrangements for securing economy, efficiency and effectiveness in the use of resources, and address current statutory and regulatory requirements. This report contains our findings related to the areas of audit emphasis, our views on the Authority's accounting policies and judgments and significant deficiencies in internal control.

This report is intended solely for the information and use of the Governance Committee and the Authority. It is not intended to be, and should not be, used by anyone other than these specified parties.

A copy of this report will be sent to the Audit Commission in accordance with the requirements of its Standing Guidance.

We welcome the opportunity to discuss the contents of this report with you at the Governance Committee meeting scheduled on 18 September.

Yours faithfully



Helen Thompson  
For and behalf of Ernst & Young LLP

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In March 2010 the Audit Commission issued a revised version of the 'Statement of responsibilities of auditors and audited bodies' (Statement of responsibilities). It is available from the accountable officer of each audited body and via the [Audit Commission's website](#).

The Statement of responsibilities serves as the formal terms of engagement between the Audit Commission's appointed auditors and audited bodies. It summarises where the different responsibilities of auditors and audited bodies begin and end, and what is to be expected of the audited body in certain areas.

The Standing Guidance serves as our terms of appointment as auditors appointed by the Audit Commission. The Standing Guidance sets out additional requirements that auditors must comply with, over and above those set out in the Code of Audit Practice 2010 (the Code) and statute, and covers matters of practice and procedure which are of a recurring nature.

This Audit Results Report is prepared in the context of the Statement of responsibilities. It is addressed to the Members of the audited body, and is prepared for their sole use. We, as appointed auditor, take no responsibility to any third party.

Our Complaints Procedure – If at any time you would like to discuss with us how our service to you could be improved, or if you are dissatisfied with the service you are receiving, you may take the issue up with your usual partner or director contact. If you prefer an alternative route, please contact Steve Varley, our Managing Partner, 1 More London Place, London SE1 2AF. We undertake to look into any complaint carefully and promptly and to do all we can to explain the position to you. Should you remain dissatisfied with any aspect of our service, you may of course take matters up with our professional institute. We can provide further information on how you may contact our professional institute.

# 1. Overview of the financial statement audit

The Authority is responsible for preparing and publishing its statement of accounts, accompanied by the annual governance statement. In the annual governance statement, the Authority reports publicly on the extent to which it complies with its own code of governance, including how it has monitored and evaluated the effectiveness of the governance arrangements in the year, and on any planned changes in the coming period. The Authority is also responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

As auditors we are responsible for:

- ▶ forming an opinion on the financial statements;
- ▶ forming a conclusion on the arrangements that the Authority has in place to secure economy, efficiency and effectiveness in its use of resources; and
- ▶ undertaking any other work specified by the Audit Commission.

We also report to the National Audit Office (NAO) under its group instructions.

Summarised below are the conclusions from all elements of our work:

## Financial statements

Following the performance of the procedures outlined in our Audit Plan, we anticipate issuing an unqualified opinion on the Authority's financial statements. Our main findings in relation to the areas of risk/areas of audit emphasis included in our Audit Plan are set out below.

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### Significant risk: Fraud and management override risk including consideration of planning

#### Risk

Auditing standards require auditors ordinarily to presume there are risks of fraud in revenue recognition. Risks arising from your arrangements for small scale planning application determinations meant that we were not able to fully rebut the presumption of fraud in revenue recognition.

#### Audit findings and conclusions

Our work identified no material misstatement due to fraudulent financial reporting or evidence of material fraud. Our testing of relevant transactions found that all income due to the Authority during the year was correctly accounted for in the financial statements. We are also satisfied the agreed improvements to the control environment in this area have been made during the year.

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## Control themes and observations

Our audit has not identified any significant control issues that we are required to bring to your attention.

## Summary of audit differences

Our audit identified a small number of disclosure misstatements in the accounts presented for audit. These are detailed in Section 3 of this report.

## Economy, efficiency and effectiveness

Following the performance of the procedures outlined in our Audit Plan, we anticipate issuing an unqualified value for money conclusion.

**Whole of Government accounts**

We have completed the work required to issue our report to the National Audit Office on the accuracy of the consolidation pack the Authority is required to prepare for the Whole of Government Accounts. We have no issues to report.

**Audit certificate**

The audit certificate is issued to demonstrate that the full requirements of the Audit Commission's Code of Audit Practice have been discharged for the relevant audit year. We expect to issue the audit certificate at the same time as the audit opinion.

## 2. Scope update

Our 2013/14 audit work has been undertaken in accordance with the Audit Plan that we issued on 24 June 2014 and is conducted in accordance with the Audit Commission's Code of Audit Practice, International Standards on Auditing (UK and Ireland) and other guidance issued by the Audit Commission.

Our work comprises a number of elements. In our Audit Plan, we provided you with an overview of our audit scope and approach for the audit of the financial statements, our conclusion on the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources, and the work that we are required to perform in respect of the Whole of Government Accounts return.

We carried out our work in accordance with our Audit Plan.

### 3. Significant findings from the financial statement audit

In this section of our report, we outline the main findings from our audit of your financial statements, including our conclusions in relation to the areas of risk outlined in our Audit Plan.

#### Significant risk

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##### **Fraud and management override risk including consideration of planning income**

As identified in ISA (UK & Ireland) 240, management is in a unique position to perpetrate fraud because of their ability to directly or indirectly manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. We identify and respond to this fraud risk on every audit engagement. Auditing standards also require auditors ordinarily to presume that there are risks of fraud in revenue recognition and consider which types of revenue transactions or assertions may give rise to such risk.

This risk is inherent to all local government bodies and in general we did not consider it to be any greater at South Downs National Park Authority than at any other local government body. However, risks arising from your arrangements for small scale planning application determination meant that we were not able to fully rebut the presumption of fraud in revenue recognition.

You work in partnership with the 15 local planning authorities (LPAs) within the Park's boundaries to determine planning applications. Under this arrangement 11 of the 15 LPAs are responsible for the day to day processing and determination of small scale planning applications, which form the great majority of all planning applications considered. Planning fee income received from the LPAs is material to your financial statements.

In previous years we found weaknesses in your arrangements in this area. In 2012/13, you experienced difficulties in reconciling the planning fees due to the Park recorded in your UNiform planning administration system to cash held at the bank, and there were significant delays in billing the LPAs to collect the income due to the Authority. In light of this you planned improvements to the control environment from the middle of 2013/14, and in particular you sought to ensure that a greater proportion of income was received directly by the Authority.

Our approach to address the risk of management override focused on:

- ▶ testing the appropriateness of journal entries recorded in the general ledger and other adjustments made in the preparation of the financial statements;
- ▶ reviewing accounting estimates for evidence of management bias; and
- ▶ evaluating the business rationale for significant unusual transactions.

Our approach also focused on ensuring that all planning income due to the Authority was received and accounted for in the financial statements. This involved both consideration of the control environment and the substantive testing of relevant transactions.

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#### **Audit findings and conclusions**

Our work identified no material misstatement due to fraudulent financial reporting or evidence of material fraud.

Our testing of relevant transactions found that all income due to the Authority during the year was correctly accounted for in the financial statements.

We also found that there have been improvements in the control environment in this area. Specifically:

- ▶ There was a reduction in the level of planning income debt outstanding from the LPAs at the end of 2013/14 compared to the previous year. All of the 2013/14 year end debt related to quarter four invoices only apart from one outstanding invoice from quarter three.
  - ▶ Regular reconciliations to the UNiform system have been undertaken throughout 2013/14 prior to quarterly invoices being issued to LPAs. Quarterly reconciliation to UNiform and the issue of invoices has been undertaken on a much more timely basis than in the previous period.
  - ▶ There has been a significant decrease in the quarterly amount of planning income held by LPAs over the course of 2013/14. In quarter one LPAs held 61 per cent of the income collected, but by quarter four this had fallen to 21 per cent. From October 2013 LPAs have been better able to accept planning application fee payments by telephone and on-line. This has allowed a greater proportion of the payments received from planning applicants to come directly to the Authority. The Authority and the 11 LPAs have also actively discouraged cheque payments. This reduces workload, as well as the level of risk associated with fees not being properly accounted for by the LPA. It also means that less officer time needs to be spent on the fee reconciliation process.
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## 4. Economy, efficiency and effectiveness

The Code of Audit Practice 2010 sets out our responsibility to satisfy ourselves that the Authority has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources. At national park authorities we are required to discharge our responsibility by:

- ▶ reviewing the annual governance statement;
- ▶ reviewing the results of the work of the Audit Commission and other relevant regulatory bodies or inspectorates, to consider its impact on the auditor's responsibilities at the audited body; and
- ▶ undertaking other local risk-based work as appropriate or any work mandated by the Commission.

We did not identify any specific local risks in relation to our responsibilities.

We have considered the draft annual governance statement and which identified no significant governance issues. This assessment was supported by the 'substantial assurance' opinion issued by the Head of Internal Audit. This was consistent with the findings of detailed internal audit reports issued during the year. There has been an improvement in the overall level of assurance from that issued in 2012/13, and the disclosure of no significant governance issues is also consistent with our cumulative audit knowledge based on discussions with management, review of the risk management process and our financial statements work.

There was no relevant work undertaken by either the Audit Commission or other relevant regulatory bodies or inspectorates during the year.

We are also satisfied that the Authority has proper arrangements in place to secure value for money in its use of resources, which are considered in more detail over the following paragraphs.

### Financial governance

The Authority has an established leadership team and the roles of Chief Executive, Monitoring Officer and Chief Finance Officer (CFO) are all filled. There are a range of contracts for key support services including financial and legal services, and so include the provision of the CFO. There are agreed protocols for consultation with the CFO or Deputy CFO on key decisions and advice to the Authority and its Committees. The Acting Head of Finance attends fortnightly meetings of the Authority's management team on the CFO's behalf in order to ensure a sound understanding of the organisation's key priorities and risks. There is routine monitoring of finances during the year together with quarterly updates on Authority performance and corporate risk to both the Policy & Programme Committee and Governance Committee.

### Financial planning

Annual budgets and medium term financial projections cover both revenue and capital and consider the revenue consequences of capital investment decisions taken. The Authority refreshes its medium term financial strategy (MTFS) annually as part of the budget setting exercise. The MTFS has been updated during the year and shows projected income and expenditure for 2014/15 to 2016/17. The Authority's main source of income continues to be central government grant funding from the Department for Environment Food & Rural Affairs (Defra). Defra has been facing significant budget cuts during the current Spending Review with further cuts expected. The Chancellor's Autumn Statement 2013 announced an additional 1.1% reduction to Defra's unprotected budgets for 2014/15 and 2015/16. It was not

clear when the MTFS was refreshed what these additional reductions in grant would mean for the Authority so flexibility was built into medium term projections.

The level of General Fund balance held is a professional judgement by the Authority based on local circumstances including the overall budget size, risks, robustness of estimates, major initiatives being undertaken, budget assumptions and the levels of other earmarked reserves and provisions. The minimum level of General Fund balance considered to be prudent by the Authority given the wider environment of financial uncertainty in the public sector is £0.650 million, which is approximately 5 per cent of turnover. At the end of 2013/14 the Authority's actual General Fund balance stood at £0.821 million.

### **Financial control**

Budget monitoring arrangements are reasonable and fit for purpose having regard to the relatively small size of the organisation. The position against both revenue and capital budgets is reported quarterly to the Policy & Programme and Governance Committees.

The Authority has a good track record of delivering spending within budget. The provisional revenue outturn position at the end of the financial year is a net underspend of £169,000. Treasury management services are provided by Brighton & Hove City Council allowing the Authority to maximise returns and benefit from the greater treasury management expertise of a larger body. A treasury management policy statement is produced and the performance of treasury management is benchmarked. The Authority is not significantly reliant on fees and charges as an income source, however planning performance is benchmarked and planning related debt is monitored.

### **Prioritising resources and improving efficiency and productivity**

The Authority routinely consults with a variety of stakeholders on the major policy decisions it takes. The overarching vision for the management of the South Downs was agreed in July 2012 and is included in the partnership management plan which was launched in 2014. The plan was developed with partners and delivery partnerships have been put in place to ensure the objectives are met.

The Authority, in recognition of its relatively small size and limited capacity, has sought to externalise many of its key support service functions. For example, financial support services including the provision of CFO, legal and information technology services. The Authority also works in partnership with 11 local planning authorities within its geographical boundaries to determine small scale planning applications.

The corporate plan underwent its annual review in 2014 with an updated 2014-2017 plan being approved. This document sets out the high level objectives and priorities for the following three years (2014-2017) and sets out in some detail proposals for the forthcoming financial year. The corporate plan also sets out the Authority's values. The corporate plan feeds into the operational plan which details the priority activities and performance measures and targets for each year. Performance against measures and targets is routinely monitored on a quarterly basis. There are established risk management arrangements and reasonable links between risk, performance and financial management given the relatively small size of the Authority.

## 5. Control themes and observations

As part of our work, we obtained an understanding of internal control sufficient to plan our audit and determine the nature, timing and extent of testing performed. Although our audit was not designed to express an opinion on the effectiveness of internal of internal control we are required to communicate to you significant deficiencies in internal control.

There are no control themes and observations which we wish to bring to your attention.

### 5.1 Status of previous year's recommendations

We raised one recommendation as part of our 2012/13 audit results report to improve internal control in respect of planning fee income due from your 11 partner LPAs which process small scale planning applications on behalf of the Authority.

Based on our detailed work we are satisfied that good progress has been made to improve the control environment in this area.

## 6. Status of our work

### 6.1 Financial statement audit

Our audit work in respect of our opinion on the Authority's financial statements is substantially complete. The following items relating to the completion of our audit procedures are outstanding at the date of this report.

Item	Actions to resolve	Responsibility
Letter of representation	To be considered at Governance Committee on 18th September 2014.	Management and Governance Committee
Annual accounts	<ul style="list-style-type: none"> <li>▶ EY receipt and consideration of assurances requested from the auditor of West Sussex Pension Fund.</li> <li>▶ Approval of accounts by Governance Committee.</li> <li>▶ Accounts re-certified by the Chief Finance Officer.</li> </ul>	Management, Governance Committee and EY

On the basis of our work performed to date, we anticipate issuing an unqualified auditor's report in respect of the Authority's financial statements. However, until we have completed our final procedures, it is possible that further matters requiring amendment may arise.

### 6.2 Economy, efficiency and effectiveness

Our work in respect of our conclusion on the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources is complete.

We expect to present an unqualified value for money conclusion in regard to the Authority's arrangements to ensure economy, efficiency and effectiveness in its use of resources.

## 7. Fees update

A breakdown of our agreed fee is shown below.

	Proposed final fee 2013/14 £	Planned fee 2013/14 £	Scale fee 2013/14 £
<b>Total Audit Fee – Code work</b>	<b>14,058</b>	<b>14,058</b>	<b>14,058</b>

Our actual fee is in line with the agreed fee.

## 8. Summary of audit differences

In the normal course of any audit, we identify differences between amounts we believe should be recorded in the financial statements and amounts actually recorded. These differences are classified as either 'factual' or 'judgemental'. Factual differences represent items that can be accurately quantified and relate to a definite set of facts or circumstances. Judgemental differences generally involve estimation and relate to facts or circumstances that are uncertain or open to interpretation.

We identified a small number of disclosure amendments during the course that have been corrected. We would ask the Authority to correct all misstatements identified over £12,700. There are no corrected or uncorrected misstatements arising from our work. The Authority has, however made one change above this level to the classification of creditors. This was detected from its own review of the draft financial statements submitted for audit.

## 9. Independence confirmation: update

We confirm there are no changes in our assessment of independence since our confirmation in our Audit Plan dated 24 June 2014. We complied with the Auditing Practice's Board's Ethical Standards for Auditors and the requirements of the Standing Guidance and in our professional judgement the firm is independent and the objectivity of the audit engagement partner and audit staff has not been compromised within the meaning of regulatory and professional requirements.

We consider that our independence in this context is a matter that should be reviewed by both you and ourselves. It is therefore important that you consider the facts of which you are aware and come to a view. If you wish to discuss any matters concerning our independence, we will be pleased to do so at the forthcoming meeting of the Governance Committee on 18 September.

## Appendix A Required communications with the Governance Committee

There are certain communications that we must provide to the Governance Committee. These are detailed here:

Required communication	Reference
<b>Terms of engagement</b>	The Statement of responsibilities serves as the formal terms of engagement between the Audit Commission's appointed auditors and audited bodies.
<b>Planning and audit approach</b> Communication of the planned scope and timing of the audit including any limitations.	Audit Plan
<b>Significant findings from the audit</b> <ul style="list-style-type: none"> <li>▶ Our view about the significant qualitative aspects of accounting practices including accounting policies, accounting estimates and financial statement disclosures</li> <li>▶ Significant difficulties, if any, encountered during the audit</li> <li>▶ Significant matters, if any, arising from the audit that were discussed with management</li> <li>▶ Written representations that we are seeking</li> <li>▶ Expected modifications to the audit report</li> <li>▶ Other matters if any, significant to the oversight of the financial reporting process</li> <li>▶ Findings and issues regarding the opening balance on initial audits</li> </ul>	Audit results report
<b>Misstatements</b> <ul style="list-style-type: none"> <li>▶ Uncorrected misstatements and their effect on our audit opinion</li> <li>▶ The effect of uncorrected misstatements related to prior periods</li> <li>▶ A request that any uncorrected misstatement be corrected</li> <li>▶ In writing, corrected misstatements that are significant</li> </ul>	Audit results report
<b>Fraud</b> <ul style="list-style-type: none"> <li>▶ Enquiries of the Governance Committee to determine whether they have knowledge of any actual, suspected or alleged fraud affecting the entity</li> <li>▶ Any fraud that we have identified or information we have obtained that indicates that a fraud may exist</li> <li>▶ A discussion of any other matters related to fraud</li> </ul>	By correspondence with the Chair of the Governance Committee.
<b>Related parties</b> Significant matters arising during the audit in connection with the entity's related parties including, when applicable: <ul style="list-style-type: none"> <li>▶ Non-disclosure by management</li> <li>▶ Inappropriate authorisation and approval of transactions</li> <li>▶ Disagreement over disclosures</li> <li>▶ Non-compliance with laws and regulations</li> <li>▶ Difficulty in identifying the party that ultimately controls the entity</li> </ul>	Audit results report – no significant matters to report.
<b>External confirmations</b> <ul style="list-style-type: none"> <li>▶ Management's refusal for us to request confirmations</li> <li>▶ Inability to obtain relevant and reliable audit evidence from other procedures</li> </ul>	By correspondence with the Chair of the Governance Committee.



Required communication	Reference
<p><b>Consideration of laws and regulations</b></p> <ul style="list-style-type: none"> <li>▶ Audit findings regarding non-compliance where the non-compliance is material and believed to be intentional. This communication is subject to compliance with legislation on tipping off</li> <li>▶ Enquiry of the Governance committee into possible instances of non-compliance with laws and regulations that may have a material effect on the financial statements and that the audit committee may be aware of</li> </ul>	<p>We have not identified any material instances of non-compliance with law and regulation.</p> <p>We made written enquiries to managements and those charged with governance. We also have also received representations as part of the letter of management representation. No instances of material non-compliance have been disclosed by either management or those charged with governance.</p>
<p><b>Independence</b></p> <p>Communication of all significant facts and matters that bear on EY's objectivity and independence</p> <p>Communication of key elements of the audit engagement partner's consideration of independence and objectivity such as:</p> <ul style="list-style-type: none"> <li>▶ The principal threats</li> <li>▶ Safeguards adopted and their effectiveness</li> <li>▶ An overall assessment of threats and safeguards</li> <li>▶ Information about the general policies and process within the firm to maintain objectivity and independence</li> </ul>	<p>Audit Plan and update in section 9 of this report</p>
<p><b>Going concern</b></p> <p>Events or conditions identified that may cast significant doubt on the entity's ability to continue as a going concern, including:</p> <ul style="list-style-type: none"> <li>▶ Whether the events or conditions constitute a material uncertainty</li> <li>▶ Whether the use of the going concern assumption is appropriate in the preparation and presentation of the financial statements</li> <li>▶ The adequacy of related disclosures in the financial statements</li> </ul>	<p>Audit results report</p>
<p><b>Significant deficiencies in internal controls identified during the audit</b></p>	<p>Audit results report</p>
<p><b>Fee reporting</b></p> <ul style="list-style-type: none"> <li>▶ Final, planned and scale fee broken down into the headings of Code audit work; certification of claims and returns; and any non-audit work (or a statement to confirm that no non-audit work has been undertaken for the body).</li> </ul>	<p>Audit Plan and Audit results report</p>

## Appendix B Letter of representation

To: Catherine Vaughan, Chief Finance Officer

Dear Catherine

### **South Downs National Park Authority – 2013/14 financial year**

#### **Request for a letter of representation**

International Standards on Auditing set out guidance on the use by auditors of management representations (ISA (UK&I) 580) and on possible non-compliance with laws and regulations (ISA (UK&I) 250). We have interpreted this guidance as it affects local government bodies and we expect the following points to apply:

- ▶ auditors may wish to obtain written representation where they are relying on management's representations in respect of judgemental matters (for example the level of likely incidence of a claim), which may not be readily corroborated by other evidence;
- ▶ auditors are likely to request written representations on the completeness of information provided;
- ▶ auditors may wish to obtain written representation on issues other than those directly related to the Statement of Accounts;
- ▶ the letter is dated on the date on which the auditor signs the opinion and certificate;
- ▶ the letter is signed by the person or persons with specific responsibility for the financial statements; and
- ▶ the letter is formally acknowledged as having been discussed and approved by the Governance Committee, as those charged with governance of the Authority.

We would expect the letter of representation to include the following matters.

#### **A. Financial Statements and Financial Records**

That you have fulfilled your responsibilities, under the relevant statutory authorities, for the preparation of the financial statements in accordance with the CIPFA Code of Practice on Local Authority Accounting (CIPFA Code).

That you acknowledge your responsibility for the fair presentation of the financial statements. You believe the financial statements referred to above give a true and fair view of the financial position, financial performance and cash flows of the Council in accordance with the CIPFA Code and are free of material misstatements, including omissions. You have approved the financial statements.

You confirm that as CFO you have:

- ▶ reviewed the accounts;
- ▶ reviewed all relevant written assurances relating to the accounts; and
- ▶ made other enquiries as appropriate. That the significant accounting policies adopted in the preparation of the financial statements are appropriately described in the financial statements.

That you believe that the Authority has a system of internal controls adequate to enable the preparation of accurate financial statements in accordance with the CIPFA Code that are free from material misstatement, whether due to fraud or error.

## **B. Fraud**

You acknowledge that you are responsible for the design, implementation and maintenance of internal controls to prevent and detect fraud.

You have disclosed to us the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.

You have no knowledge of any fraud or suspected fraud involving management or other employees who have a significant role in the Authority's internal controls over financial reporting. In addition, you have no knowledge of any fraud or suspected fraud involving other employees in which the fraud could have a material effect on the financial statements. You have no knowledge of any allegations of financial improprieties, including fraud or suspected fraud, (regardless of the source or form and including without limitation, any allegations by "whistleblowers") which could result in a misstatement of the financial statements or otherwise affect the financial reporting of the Authority.

## **C. Compliance with Laws and Regulations**

You have disclosed to us all known actual or suspected noncompliance with laws and regulations whose effects should be considered when preparing the financial statements.

## **D. Information Provided and Completeness of Information and Transactions**

You have provided us with:

- ▶ access to all information of which we are aware that is relevant to the preparation of the financial statements such as records, documentation and other matters as agreed in terms of the audit engagement;
- ▶ additional information that we have requested from us for the purpose of the audit; and
- ▶ unrestricted access to persons within the entity from whom we determined it necessary to obtain audit evidence.

That all material transactions have been recorded in the accounting records and are reflected in the financial statements.

That you have made available to us all minutes of the meetings of the Authority and its relevant committees (or summaries of actions of recent meetings for which minutes have not yet been prepared) held through the year to the most recent meeting on the following date: 18 September 2014.

That you confirm the completeness of information provided regarding the identification of related parties. You have disclosed to us the identity of the Authority related parties and all related party relationships and transactions of which you are aware, including sales, purchases, loans, transfers of assets, liabilities and services, leasing arrangements, guarantees, non-monetary transactions and transactions for no consideration for the period

ended, as well as related balances due to or from such parties at the year end. These transactions have been appropriately accounted for and disclosed in the financial statements.

That you have disclosed to us, and the Authority has complied with, all aspects of contractual agreements that could have a material effect on the financial statements in the event of non-compliance, including all covenants, conditions or other requirements of all outstanding debt.

#### **E. Liabilities and Contingencies**

All liabilities and contingencies, including those associated with guarantees, whether written or oral, have been disclosed to us and are appropriately reflected in the financial statements.

That you have informed us of all outstanding and possible litigation and claims, whether or not they have been discussed with legal counsel.

That you have recorded and/or disclosed, as appropriate, all liabilities related litigation and claims, both actual and contingent, and have disclosed in the financial statements all guarantees that you have given to third parties.

#### **F. Subsequent Events**

That other than described in the financial statements, there have been no events subsequent to period end which require adjustment of or disclosure in the financial statements or notes thereto.

#### **G. Accounting Estimates**

That you believe that the significant assumptions you used in making accounting estimates, including those measured at fair value, are reasonable.

In respect of accounting estimates recognised or disclosed in the financial statements:

- ▶ That you believe the measurement processes, including related assumptions and models, you used in determining accounting estimates is appropriate and the application of these processes is consistent.
- ▶ That the disclosures relating to accounting estimates are complete and appropriate in accordance with the applicable financial reporting framework.
- ▶ That the assumptions you used in making accounting estimates appropriately reflects your intent and ability to carry out specific courses of action on behalf of the entity, where relevant to the accounting estimates and disclosures.
- ▶ That no subsequent event requires an adjustment to the accounting estimates and disclosures included in the financial statements.

#### **H. Retirement benefits**

On the basis of the process established by you and having made appropriate enquiries, you are satisfied that the actuarial assumptions underlying the scheme liabilities are consistent with your knowledge of the business. All significant retirement benefits and all settlements and curtailments have been identified and properly accounted for.

#### **I. Segmental reporting**

That you have reviewed the operating segments reported internally to the management team and Authority and that you are satisfied that it is appropriate to aggregate these as, in accordance with IFRS 8:Operating Segments, they are similar in each of the following respects:

- ▶ The nature of the products and services.
- ▶ The nature of the production processes.
- ▶ The type or class of customer for their products and services.
- ▶ The methods used to distribute their products.

### **J. Going Concern**

That you have made us aware of any issues that are relevant to the Authority's ability to continue as a going concern, including significant conditions and events, our plans for future action, and the feasibility of those plans.

I would be grateful if you could provide a letter of representation, which is appropriately signed and dated on the proposed audit opinion date, on formal headed paper. The letter of representation should also be signed and dated by Norman Dingemans as Chair of Governance Committee.

Yours sincerely

Signed:

Name: Catherine Vaughan  
Position: Chief Finance Officer  
Date: 18 September 2014

Signed:

Name: Councillor N Dingemans  
Position: Chairman, Governance Committee  
Date: 18 September 2014

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