



Report to the Audit Committee

UTTLESFORD DISTRICT COUNCIL

Audit Completion Report: Year ended 31 March 2019

IDEAS | PEOPLE | TRUST



CONTENTS

1	Introduction	3	5	Other reporting matters	23
	Welcome	3		Reporting on other information	23
2	Executive summary	4		Whole of Government Accounts	24
	Overview	4	6	Use of resources	25
	The numbers	5		Overview	25
	Other matters	6		Sustainable finances	26
3	Financial statements	7	7	Control environment	27
	Audit risks overview	7		Significant deficiencies	27
	Management override of controls	8	8	Audit report	28
	Valuation of non-current assets	9		Overview	28
	Valuation of non-current assets (continued)	10	9	Independence and fees	29
	Revenue recognition - fees and charges	11		Independence	29
	Pension liability assumptions	12		Fees	30
	Pensions liability assumptions (continued)	13	10	Appendices contents	31
	Pensions liability assumptions (continued)	13			
	Implementation of IFRS9 - financial instruments	14			
	Implementation of IFRS 15 - revenue from contracts with service recipients	15			
	Related party transactions	16			
	Matters requiring additional consideration - prior period adjustment	17			
	Matters requiring additional consideration	18			
4	Audit differences	19			
	Unadjusted audit differences: summary	19			
	Unadjusted audit differences: detail	20			
	Unadjusted audit differences: detail	21			
	Adjusted audit differences: summary	22			

WELCOME

Introduction

Contents

Introduction

Welcome

Executive summary

Financial statements

Audit differences

Other reporting matters

Use of resources

Control environment

Audit report

Independence and fees

Appendices contents

We have pleasure in presenting our Audit Completion Report to the Audit Committee. This report is an integral part of our communication strategy with you, a strategy which is designed to ensure effective two way communication throughout the audit process with those charged with governance.

It summarises the results of completing the planned audit approach for the year ended 31 March 2019, specific audit findings and areas requiring further discussion and/or the attention of the Governance, Audit and Performance Committee. At the completion stage of the audit it is essential that we engage with the Governance, Audit and Performance Committee on the results of our audit of the Group and the Council financial statements and use of resources comprising: audit work on key risk areas, including significant estimates and judgements made by management, critical accounting policies, any significant deficiencies in internal controls, and the presentation and disclosure in the financial statements.

We look forward to discussing these matters with you at the Audit Committee meeting and to receiving your input. In the meantime, if you would like to discuss any aspects in advance of the meeting we would be happy to do so.

We would also like to take this opportunity to thank the management and staff of the Council for the co-operation and assistance provided during the audit.



David Eagles, Partner
for and on behalf of BDO LLP

18 July 2019



David Eagles
Engagement lead

t: 01473 320728
m: 07967 203431
e: david.eagles@bdo.co.uk



Alison Langridge
Senior Audit Manager

t: 01473 320752
e: Alison.langridge@bdo.co.uk

The contents of this report relate only to those matters which came to our attention during the conduct of our normal audit procedures which are designed primarily for the purpose of expressing our opinion on the Group and the Council financial statements and use of resources. This report has been prepared solely for the use of the Audit Committee and those charged with governance. In preparing this report we do not accept or assume responsibility for any other purpose or to any other person. For more information on our respective responsibilities please see the appendices.

OVERVIEW

Executive summary

Contents
Introduction
Executive summary
Overview
The numbers
Other matters
Financial statements
Audit differences
Other reporting matters
Use of resources
Control environment
Audit report
Independence and fees
Appendices contents

This summary provides an overview of the audit matters that we believe are important to the Governance, Audit and Performance Committee in reviewing the results of the audit of the financial statements and use of resources of the Group for the year ended 31 March 2019.

It is also intended to promote effective communication and discussion and to ensure that the results of the audit appropriately incorporate input from those charged with governance.



Overview

Our audit work is substantially complete and subject to the successful resolution of outstanding matters, we anticipate issuing our opinion on the Group's financial statements and the Council's use of resources for the year ended 31 March 2019 before the deadline. Outstanding matters are listed on page 35 in the appendices.

There have been no changes to the planned audit approach reported to the Committee on 7 February 2019.

No restrictions were placed on our work.

Audit report

We anticipate issuing an unmodified audit opinion on the consolidated Group financial statements and the Council's financial statements and use of resources.

THE NUMBERS

Executive summary

Contents
Introduction
Executive summary
Overview
The numbers
Other matters
Financial statements
Audit differences
Other reporting matters
Use of resources
Control environment
Audit report
Independence and fees
Appendices contents

Final materiality

Group final materiality was determined based on gross expenditure. This has been updated from our Audit Plan to reflect outturn in the financial statements.

Material misstatements

Our audit work completed to date has not identified any material misstatements.

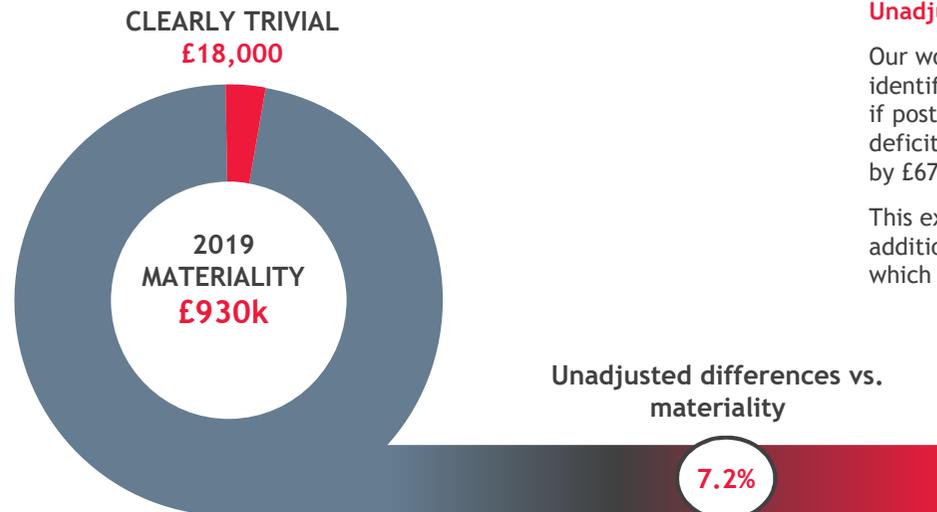
Prior Period Adjustment

We engaged with the Council at an early stage to review prior period accounts to identify whether there were any issues that might require reconsideration of accounting and reporting treatment.

We identified and discussed one such matter, relating to the treatment of loans linked to the Aspire investment. A prior period adjustment was agreed and incorporated in the draft accounts submitted for audit. This is discussed on page 17.

Audit scope

Our approach was designed to ensure we obtained the required level of assurance across the components of the Group in accordance with ISA (UK) 600 (Audits of Group Financial Statements). We are on course to achieve this objective.



Unadjusted audit differences

Our work completed to date has identified audit adjustments that, if posted, would decrease the deficit on the provision of services by £67k.

This excludes the McCloud additional pension liabilities £722k which is balance sheet only.

OTHER MATTERS

Executive summary

Contents

Introduction

Executive summary

Overview

The numbers

Other matters

Financial statements

Audit differences

Other reporting matters

Use of resources

Control environment

Audit report

Independence and fees

Appendices contents

Financial reporting

- Work completed to date has not identified any non-compliance with group accounting policies or the applicable accounting framework.
- No significant accounting policy changes have been identified impacting the current year. Policies have changed to reflect the requirements of new accounting standards IFRS 9 and 15, but we are not aware that these have had a material impact.
- Going concern disclosures are deemed sufficient.
- The Narrative Report and other information included in the Statement of Accounts with the financial statements is consistent with the financial statements and our knowledge acquired in the course of the audit.
- The Annual Governance Statement is not inconsistent or misleading with other information we are aware of.
- The Council is below the audit threshold of £500 million for a full assurance review of the Whole of Government Accounts Data Collection Tool.

Other matters that require discussion or confirmation

- Confirmation on fraud, contingent liabilities and subsequent events.
- Letter of Representation.

Independence

We confirm that the firm and its partners and staff involved in the audit remain independent of the Group and the Council in accordance with the Financial Reporting Council's Ethical Standard.



AUDIT RISKS OVERVIEW

As identified in our Audit Plan dated 25 January 2019 we assessed the following matters as being the most significant risks of material misstatement in the financial statements. These include those risks which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit and the direction of the efforts of the engagement team.

Audit Risk	Risk Rating	Significant Management Estimates or Judgement	Use of Experts Required	Error Identified	Significant Control Findings	Discussion points / Letter of Representation
Management override of controls	Significant	No	No	Work Ongoing	No	No
Non-current asset valuations	Significant	Yes	Yes	Work Ongoing	No	Yes
Revenue recognition (fees and charges)	Significant	No	No	No	No	No
Pension liability assumptions	Significant	Yes	Yes	Yes	No	No
Implementation of IFRS9 (Financial Instruments)	Significant	No	No	Work Ongoing	No	No
Implementation of IFRS15 (revenue from contracts with service recipients)	Significant	No	No	No	No	No
Related party transactions	Normal	No	No	No	No	Yes

 Areas requiring your attention

- Contents
- Introduction
- Executive summary
- Financial statements
- Audit risks overview
- Management override of controls
- Valuation of non-current assets
- Revenue recognition
- Pension liability assumptions
- Implementation of IFRS9
- Implementation of IFRS15
- Related party transactions
- Matters requiring additional consideration
- Audit differences
- Other reporting matters
- Use of resources
- Control environment
- Audit report
- Independence and fees
- Appendices contents

MANAGEMENT OVERRIDE OF CONTROLS

ISA (UK) 240 presumes that management is in a unique position to perpetrate fraud.

Risk description

The primary responsibility for the detection of fraud rests with management. Their role in the detection of fraud is an extension of their role in preventing fraudulent activity. They are responsible for establishing a sound system of internal control designed to support the achievement of departmental policies, aims and objectives and to manage the risks facing the organisation; this includes the risk of fraud.

Under auditing standards there is a presumed significant risk of management override of the system of internal controls.

Work performed

We carried out the following planned audit procedures:

- Tested the appropriateness of journal entries recorded in the general ledger and other adjustments made in the preparation of the financial statements.
- Reviewed accounting estimates for biases and evaluated whether the circumstances producing the bias, if any, represented a risk of material misstatement due to fraud.
- Obtained an understanding of the business rationale for significant transactions that were outside the normal course of business for the Council or that otherwise appeared to be unusual, if any.

Results

Our audit work on journals is currently ongoing. No issues have been identified to date.

Our work to date on estimates has not identified any bias indicating a risk of material misstatement.

We did not identify any transactions outside the normal course of business for the Council.

Significant risk	
Normal risk	
Significant management judgement	
Use of experts	
Unadjusted error	
Adjusted error	
Additional disclosure required	
Significant Control Findings	
Letter of Representation point	

Contents
Introduction
Executive summary
Financial statements
Audit risks overview
Management override of controls
Valuation of non-current assets
Revenue recognition
Pension liability assumptions
Implementation of IFRS9
Implementation of IFRS15
Related party transactions
Matters requiring additional consideration
Audit differences
Other reporting matters
Use of resources
Control environment
Audit report
Independence and fees
Appendices contents

VALUATION OF NON-CURRENT ASSETS

There is a risk over the valuation of land and buildings due to inherent uncertainty and judgements involved.

Significant risk

Normal risk

Significant management judgement

Use of experts

Unadjusted error

Adjusted error

Additional disclosure required

Significant Control Findings

Letter of Representation point

Risk description

Local authorities are required to ensure that the carrying value of non-current assets is not materially different to the current value (operational assets) or fair value (surplus assets and investment properties) at the balance sheet date.

Due to the significant value of the Council's non-current assets and the high degree of estimation uncertainty, there is a risk over the valuation of non-current assets where valuations are based on assumptions or where updated valuations have not been provided for a class of assets at the year-end.

Work performed

We carried out the following planned audit procedures:

- Reviewed the instructions provided to the valuers and the valuers' skills and expertise in order to determine if we can rely on the management experts
- Reviewed the reasonableness of assumptions used in the valuation of non-current assets, the accuracy and completeness of the source data used by the valuers and the Council's critical assessment of the external valuers' conclusions.
- Confirmed that the basis of valuation for assets valued in year is appropriate based on their use.
- Confirm that the assets not specifically valued in the year have been assessed to ensure that their reported values remain materially correct.

Results

The instructions provided to the professional valuers were in line with expectation and we have confirmed the valuers have the expertise and qualification to act as management experts for the purpose of valuing the Council's property.

The basis on which assets have been valued is appropriate.

We remain in discussion with the valuers regarding the source data for the valuations, in particular evidence to support the floor areas of the properties we selected to test. Audit work to address the valuation risk is currently ongoing.

Contents
Introduction
Executive summary
Financial statements
Audit risks overview
Management override of controls
Valuation of non-current assets
Revenue recognition
Pension liability assumptions
Implementation of IFRS9
Implementation of IFRS15
Related party transactions
Matters requiring additional consideration
Audit differences
Other reporting matters
Use of resources
Control environment
Audit report
Independence and fees
Appendices contents

VALUATION OF NON-CURRENT ASSETS

Continued

Contents
Introduction
Executive summary
Financial statements
Audit risks overview
Management override of controls
Valuation of non-current assets
Revenue recognition
Pension liability assumptions
Implementation of IFRS9
Implementation of IFRS15
Related party transactions
Matters requiring additional consideration
Audit differences
Other reporting matters
Use of resources
Control environment
Audit report
Independence and fees
Appendices contents

Significant accounting estimates: Valuation of land and buildings

Overview

The Council's valuation process in 2018/19 comprised the following:

- Land and buildings are valued cyclically, at least five yearly, with high value assets being valued more frequently (all PPE and investment property has been revalued within the past two years)
- Revaluations are completed on types of assets thought to have moved significantly due to market factors or indications of impairment
- Revaluations are completed on assets subject to significant capital works or alterations in the year
- All assets held at fair value are revalued annually.

Valuations completed during 2018/19

The Council's external professional valuer valued the property as at 31 March 2019, resulting in approximately £9m net increase in value. We tested a representative sample of land and buildings (including investment properties) subject to revaluation, to ensure the information on which valuations were based was accurate and the valuation movements were correctly accounted for. We challenged the valuer and questioned the Council where individual movements were outside of expected ranges, and we are satisfied that, overall, the Council's valuations fall within a reasonable range for those assets formally revalued.

We challenged the assumptions used by valuers for specialised assets valued on a depreciated replacement cost (DRC) basis, council dwellings valued on an existing use basis with a social housing adjustment (EUV-SH) adjusted, other land and buildings valued on an EUV basis and investment properties valued at fair value (FV). We also challenged the valuers on the reasons why individual assets moved in value outside of our expectation, for instance due to changes in valuation method or yields.

We will provide further information on the factors and assumptions that impacted on the valuations once discussions with the valuer have concluded.

REVENUE RECOGNITION - FEES AND CHARGES

Under auditing standards there is a presumption that income recognition presents a fraud risk.

Risk description

Under auditing Standards there is a presumption that income recognition presents a fraud risk. For local authorities, the risks can be identified as affecting the completeness, accuracy and existence of income.

In particular, we consider there to be a significant risk in respect of the existence (recognition) of fees and charges. The presumed significant risk has been rebutted for all other income streams.

Work performed

We carried out the following planned audit procedures:

- Tested a sample of fees and charges to ensure income has been recorded in the correct period and that all income that should have been recorded has been recorded.

Results

No issues were identified from audit procedures completed in respect of this risk.

Significant risk	
Normal risk	
Significant management judgement	
Use of experts	
Unadjusted error	
Adjusted error	
Additional disclosure required	
Significant Control Findings	
Letter of Representation point	

Contents
Introduction
Executive summary
Financial statements
Audit risks overview
Management override of controls
Valuation of non-current assets
Revenue recognition
Pension liability assumptions
Implementation of IFRS9
Implementation of IFRS15
Related party transactions
Matters requiring additional consideration
Audit differences
Other reporting matters
Use of resources
Control environment
Audit report
Independence and fees
Appendices contents

PENSION LIABILITY ASSUMPTIONS

There is a risk over the valuation of the Council's LGPS liability due to inherent uncertainty and judgements involved.

Significant risk	
Normal risk	
Significant management judgement	
Use of experts	
Unadjusted error	
Adjusted error	
Additional disclosure required	
Significant Control Findings	
Letter of Representation point	

Risk description

The net pension liability comprises the Council's share of the market value of assets held in the Essex County Council Pension Fund, and the estimated future liability to pay pensions.

An actuarial estimate of the pension fund liability is calculated by an independent firm of actuaries with specialist knowledge and experience. The estimate is based on the most up to date membership data held by the pension fund and has regard to local factors such as mortality rates and expected pay rises along with other assumptions around inflation when calculating the liability.

There is a risk the membership data and cash flows provided to the actuary as 31 March may not be correct, or the valuation uses inappropriate assumptions to value the liability.

Work performed

We carried out the following planned audit procedures:

- Agreed the disclosures to the information provided by the pension fund actuary
- Reviewed the reasonableness of the assumptions used in the calculation against other local government actuaries and other observable data
- Obtained assurance from the auditor of the pension fund over the controls for providing accurate membership data to the actuary
- Checked whether any significant changes in membership data have been communicated to the actuary.

Results

All disclosures in the financial statements agree to the actuarial report obtained from Barnett Waddingham. The assumptions on which the Council has based its disclosure are consistent with those used by the actuary, which are in line with the expectations set out in PwC's consulting actuary report.

We report to those charged with governance that we have reported an non-material un-adjusted error of £722k to increase the Council's pension liability since the draft accounts were prepared. This adjustment was not the result of an audit finding but due to a recent judgement in the supreme court (*Lord Chancellor v McCloud*) that the Council and BDO consider creates an obligation on LGPS schemes that existed at the balance sheet date and requires recognition by the applicable accounting framework. The Council sought actuarial advice on the impact on its liability and we are satisfied with the assumptions used by the actuary.

Contents
Introduction
Executive summary
Financial statements
Audit risks overview
Management override of controls
Valuation of non-current assets
Revenue recognition
Pension liability assumptions
Implementation of IFRS9
Implementation of IFRS15
Related party transactions
Matters requiring additional consideration
Audit differences
Other reporting matters
Use of resources
Control environment
Audit report
Independence and fees
Appendices contents

PENSION LIABILITY ASSUMPTIONS

Continued

Significant accounting estimates: Valuation of pension liability

Overview

The actuary (Barnett Waddingham) has used the following assumptions to value the pension liability. We compared the assumptions and estimates used by the actuary with the expected ranges provided by the independent consulting actuary.

	Actual used	Acceptable range	Comments
Financials:			
- RPI increase	3.40%	3.40 - 3.45%	Reasonable
- CPI increase	2.40%	2.40 - 2.45%	Reasonable
- Salary increase	3.90%	3.10 - 4.35%	Reasonable
- Pension increase	2.40%	2.40 - 2.45%	Reasonable
- Discount rate	2.4%	2.35- 2.45%	Reasonable

Mortality assumptions:

- Male current	22.9 years	22.4 - 25.0	Reasonable
- Female current	25.4 years	25.0 - 26.6	Reasonable

Discussion

- PwC concluded that, overall, the methodologies used by Barnett Waddingham to establish to assumptions used to calculate the liability are reasonable.
- We are satisfied that the assumptions used by the Council are consistent with the ranges proposed by the actuary and that the ranges proposed by the actuary are consistent with market expectations.
- The assumptions used are neither aggressive or non-aggressive, in all instances being within the expectation of the actuary and PwC consulting report.

Impact

< lower

higher >



Contents
Introduction
Executive summary
Financial statements
Audit risks overview
Management override of controls
Valuation of non-current assets
Revenue recognition
Pension liability assumptions
Implementation of IFRS9
Implementation of IFRS15
Related party transactions
Matters requiring additional consideration
Audit differences
Other reporting matters
Use of resources
Control environment
Audit report
Independence and fees
Appendices contents

IMPLEMENTATION OF IFRS9 - FINANCIAL INSTRUMENTS

Contents
Introduction
Executive summary
Financial statements
Audit risks overview
Management override of controls
Valuation of non-current assets
Revenue recognition
Pension liability assumptions
Implementation of IFRS9
Implementation of IFRS15
Related party transactions
Matters requiring additional consideration
Audit differences
Other reporting matters
Use of resources
Control environment
Audit report
Independence and fees
Appendices contents

IFRS9 is implemented from 2018/19.

Significant risk
Normal risk
Significant management judgement
Use of experts
Unadjusted error
Adjusted error
Additional disclosure required
Significant Control Findings
Letter of Representation point

Risk description

The Code of Practice on Local Authority Accounting requires the implementation of IFRS 9 (financial instruments) in 2018/19.

Under IAS 39, impairment methodology was only recognised where there is objective evidence that a financial asset was impaired. IFRS 9 changes to an expected losses model, which the Council considers the potential for impairment over the lifetime of the asset.

The Council needs to review the classification of all financial instruments and prepare new disclosures.

These changes require an adjustment to opening balances reported in the Movement in Reserves Statement.

There is a risk that these presentational changes are not correctly applied in the financial statements.

Work performed

We reviewed the draft financial statements and supporting working papers which details the Council's proposed approach to the new accounting standard.

We checked the draft financial statements against the CIPFA Disclosure Checklist to ensure that all of the required presentational changes have been correctly reflected within the financial statements.

Results

We reviewed and agreed in advance the Council's approach to treating IFRS 9. Our audit work on Financial Instruments is currently ongoing,

IMPLEMENTATION OF IFRS15 - REVENUE FROM CONTRACTS WITH SERVICE RECIPIENTS

Contents
Introduction
Executive summary
Financial statements
Audit risks overview
Management override of controls
Valuation of non-current assets
Revenue recognition
Pension liability assumptions
Implementation of IFRS9
Implementation of IFRS15
Related party transactions
Matters requiring additional consideration
Audit differences
Other reporting matters
Use of resources
Control environment
Audit report
Independence and fees
Appendices contents

IFRS15 is implemented from 2018/19.

Significant risk
Normal risk
Significant management judgement
Use of experts
Unadjusted error
Adjusted error
Additional disclosure required
Significant Control Findings
Letter of Representation point

Risk description

The Code of Practice on Local Authority Accounting requires the implementation of IFRS 15 (revenue from contracts with service recipients) in 2018/19.

Although the Code determines that IFRS 15 is mainly for exchange transactions (fees and charges), the Group's revenue streams also need to be assessed. The Council needs to have arrangements in place to be able to consider contracts entered into by the subsidiaries and apply any accounting policy adjustments required.

The Council needs to review the classification of all revenue streams and amend the accounting policies note.

These changes require an adjustment to opening balances reported in the Movement in Reserves Statement.

There is a risk that these presentational changes are not correctly applied in the financial statements.

Work performed

We reviewed the draft financial statements and supporting working papers which details the Council's proposed approach to the new accounting standard.

We checked the draft financial statements against the CIPFA Disclosure Checklist to ensure that all of the required presentational changes have been correctly reflected within the financial statements.

Results

We reviewed the supporting working papers provided by the Council prior to the audit and agreed with Management's assertion that the effect of this change was immaterial to the Council's Accounts.

RELATED PARTY TRANSACTIONS

Transactions with related parties can be material to the users of accounts for qualitative reasons even if they do not exceed the materiality threshold applied to the financial statements as a whole.

Risk description

We need to consider if the disclosures in the financial statements concerning related party transactions are complete and adequate and in line with the requirements of the accounting standards.

Work performed

We carried out the following planned audit procedures:

- Obtained an understanding of the related party transactions identification procedures in place and reviewed relevant information concerning such identified transactions
- Discussed with management and reviewed senior management declarations of interest, completed searches of interests and interrogated the ledger to ensure there are no related party transactions that have incorrectly not been disclosed
- Requested representation to be included in your management representation letter to us.

Results

Our audit work to address the risk is currently ongoing. No issues have been identified to date.

Significant risk	
Normal risk	
Significant management judgement	
Use of experts	
Unadjusted error	
Adjusted error	
Additional disclosure required	
Significant Control Findings	
Letter of Representation point	

Contents
Introduction
Executive summary
Financial statements
Audit risks overview
Management override of controls
Valuation of non-current assets
Revenue recognition
Pension liability assumptions
Implementation of IFRS9
Implementation of IFRS15
Related party transactions
Matters requiring additional consideration
Audit differences
Other reporting matters
Use of resources
Control environment
Audit report
Independence and fees
Appendices contents

MATTERS REQUIRING ADDITIONAL CONSIDERATION

Contents

Introduction

Executive summary

Financial statements

Audit risks overview

Management override of controls

Valuation of non-current assets

Revenue recognition

Pension liability assumptions

Implementation of IFRS9

Implementation of IFRS15

Related party transactions

Matters requiring additional consideration

Audit differences

Other reporting matters

Use of resources

Control environment

Audit report

Independence and fees

Appendices contents

Prior Period Adjustment

In 2018 the Council took advice from its external Financial Advisors, Arlingclose, on the accounting treatment of the forward starting loans. Using this guidance and an interpretation of IAS39/IFRS9 the Council adopted the policy to follow the accounting for forward contracts on fixed rate debt instruments. On that basis cash flow hedge accounting was applied to remove the Profit and Loss volatility and set up a cash flow hedge reserve under the scope of IAS39/IFRS9.

In 2019 the guidance for the accounting treatment of the forward starting loans was reviewed and it was established that the scenario in question, namely an agreement with a finance provider (Phoenix) to draw down a loan at a specified date in the future, at a fixed rate of interest, is specifically scoped out of IFRS 9. Consequently they should be re-classified as loan commitments and the Council followed the accounting for optional loan commitments not treated as a derivative. This simpler form of accounting also removed the need for complex cash flow hedging transactions to be reflected.

This change in classification meant that the previous accounting policy adopted applied was no longer applicable appropriate and the previous accounting entries were reversed and the 2017/18 accounts have been restated.

BDO had engaged with the Council at an early stage to review prior period accounts to identify whether there were any issues that might require reconsideration of accounting and reporting treatment. The prior period adjustment was agreed and incorporated in the draft accounts submitted for audit. This early engagement and agreement avoided the need for additional work needing to be undertaken in the peak final audit visit period.



MATTERS REQUIRING ADDITIONAL CONSIDERATION

Contents

Introduction

Executive summary

Financial statements

Audit risks overview

Management override of controls

Valuation of non-current assets

Revenue recognition

Pension liability assumptions

Implementation of IFRS9

Implementation of IFRS15

Related party transactions

Matters requiring additional consideration

Audit differences

Other reporting matters

Use of resources

Control environment

Audit report

Independence and fees

Appendices contents

Fraud

Whilst the directors have ultimate responsibility for prevention and detection of fraud, we are required to obtain reasonable assurance that the financial statements are free from material misstatement, including those arising as a result of fraud. Our audit procedures did not identify any fraud. We will seek confirmation from you whether you are aware of any known, suspected or alleged frauds since we last enquired when presenting the Audit Plan on 7 February 2019.

Laws and regulations

We have made enquiries of management regarding compliance with laws and regulations and reviewed correspondence with the relevant authorities.

We did not identify any non-compliance with laws and regulations that could have a material impact on the financial statements.

Internal audit

We reviewed the audit work of the Council's internal audit function to assist our risk scoping at the planning stage.

Related parties

Whilst you are responsible for the completeness of the disclosure of related party transactions in the financial statements, we are also required to consider related party transactions in the context of fraud as they may present greater risk for management override or concealment or fraud.

Our work to date has not identified any significant matters in connection with related parties.

Group matters

We have undertaken sufficient work on the transactions and balances in the Aspire subsidiary to be satisfied with these for the purposes of the group audit.



UNADJUSTED AUDIT DIFFERENCES: SUMMARY

Summary for the current year

Contents
Introduction
Executive summary
Financial statements
Audit differences
Unadjusted audit differences: summary
Unadjusted audit differences: detail
Unadjusted audit differences: detail
Unadjusted disclosure omissions and improvements
Adjusted audit differences: summary
Adjusted audit differences: detail
Adjusted disclosure omissions and improvements
Other reporting matters
Use of resources
Control environment
Audit report
Independence and fees
Appendices contents



We are required to bring to your attention unadjusted differences and we request that you correct them.

Audit work completed to date has identified three unadjusted errors:

- £365k worth of revaluations that should have been credited to services rather than through the revaluation reserve.
- £149k formula error on the valuation report
- £149k of assets that did not need to be indexed per the valuer’s report

The general fund balance would decrease surplus by £67k if these audit differences were adjusted.

In addition, the following item (not included in the tables on the following pages) has arisen as a result of a clarification in a legal case relating to public sector pensions:

- £722k McCloud understatement of liabilities (based on an actuarial estimate)

You consider the differences to be immaterial in the context of the financial statements as a whole.

UNADJUSTED AUDIT DIFFERENCES: DETAIL

Details for the current year

	Income and expenditure			Statement of Financial Position	
	NET DR/(CR)	DR	(CR)	DR	(CR)
Unadjusted audit differences	£'000	£'000	£'000	£'000	£'000
Deficit on the provision of services before unadjusted audit differences	(17,116)			278,954	
1: Impact of brought forward unadjusted errors	0				
2: Revaluations that should have been credited to services rather than through the revaluation reserve.					
CR NCOS (expenditure)			365		
DR Revaluation Reserve				365	
3: Formula Error on valuation report					
DR NCOS (expenditure)		149			
CR PPE Council Dwellings					149
4. Assets incorrectly indexed					
DR NCOS (expenditure)		149			
CR PPE Land and Buildings					149

Contents
Introduction
Executive summary
Financial statements
Audit differences
Unadjusted audit differences: summary
Unadjusted audit differences: detail
Unadjusted audit differences: detail
Unadjusted disclosure omissions and improvements
Adjusted audit differences: summary
Adjusted audit differences: detail
Adjusted disclosure omissions and improvements
Other reporting matters
Use of resources
Control environment
Audit report
Independence and fees
Appendices contents

UNADJUSTED AUDIT DIFFERENCES: DETAIL

Details for the current year

	Income and expenditure			Statement of Financial Position	
	NET DR/(CR) £'000	DR £'000	(CR) £'000	DR £'000	(CR) £'000
Unadjusted audit differences					
Total unadjusted audit differences		298	365	365	298
Surplus on the provision of services if above issues adjusted	17,049				

	General Fund balance £'000	HRA balance £'000
Impact on the General Fund balance and HRA balance		
Balance before unadjusted audit differences	(1,256)	(5,164)
Impact on deficit on the provision of services above	67	0
Adjustments that would be reversed from the General Fund and HRA balance through the Movement in Reserves Statement	0	0
Balances after the above adjustments	(1,189)	(5,164)

Contents
Introduction
Executive summary
Financial statements
Audit differences
Unadjusted audit differences: summary
Unadjusted audit differences: detail
Unadjusted audit differences: detail
Unadjusted disclosure omissions and improvements
Adjusted audit differences: summary
Adjusted audit differences: detail
Adjusted disclosure omissions and improvements
Other reporting matters
Use of resources
Control environment
Audit report
Independence and fees
Appendices contents

ADJUSTED AUDIT DIFFERENCES: SUMMARY

Summary for the current year

Contents
Introduction
Executive summary
Financial statements
Audit differences
Unadjusted audit differences: summary
Unadjusted audit differences: detail
Unadjusted audit differences: detail
Unadjusted disclosure omissions and improvements
Adjusted audit differences: summary
Adjusted audit differences: detail
Adjusted disclosure omissions and improvements
Other reporting matters
Use of resources
Control environment
Audit report
Independence and fees
Appendices contents



Work completed to date has identified the following adjustments:

- £ 1.9m adjustment between the CAA and the revaluation reserve.
- £238k adjustment as a result of resubmitting the Housing and Council Tax benefits grant claim, this will decrease the surplus in the Total Comprehensive Income and Expenditure statement by £238k.

We are required to bring to your attention other financial reporting matters that the Audit Committee is required to consider.

The following disclosure adjustments have been made to the draft financial statements provided for audit.

- Wording amendments to the Restatement note.
- Other minor narrative amendments to Financial Instruments and the HRA notes.

REPORTING ON OTHER INFORMATION

- Contents
- Introduction
- Executive summary
- Financial statements
- Audit differences
- Other reporting matters**
- Reporting on other information
- Whole of Government Accounts
- Use of resources
- Control environment
- Audit report
- Independence and fees
- Appendices contents

We comment below on other reporting required to be considered in arriving at the final content of our audit report:

Matter	Comment
We are required to report on whether the financial and non-financial information in the Narrative Report within the Statement of Accounts is consistent with the financial statements and the knowledge acquired by us in the course of our audit.	We are satisfied that the other information in the Narrative Report is consistent with the financial statements and our knowledge.
We are required to report by exception if the Annual Governance Statement is inconsistent or misleading with other information we are aware of from our audit of the financial statements, the evidence provided in the Council’s review of effectiveness and our knowledge of the Council.	We have no matters to report in relation to the consistency of the Annual Governance Statement with the financial statements and our knowledge.

WHOLE OF GOVERNMENT ACCOUNTS

Contents
Introduction
Executive summary
Financial statements
Audit differences
Other reporting matters
Reporting on other information
Whole of Government Accounts
Use of resources
Control environment
Audit report
Independence and fees
Appendices contents

Matter	Comment
Auditors are required to review Whole of Government Accounts (WGA) information prepared by component bodies that are over the prescribed threshold of £500 million in any of: assets (excluding property, plant and equipment); liabilities (excluding pension liabilities); income or expenditure. The Council falls below the threshold for review and there is no requirement for further work other than to submit the section on the WGA Assurance Statement to the WGA audit team with the total values for assets, liabilities, income and expenditure.	<p>Local authorities were required to submit the unaudited DCT to HM Treasury and auditors by 28 June 2019. The Council did not meet this deadline.</p> <p>We are required to submit the relevant section of the assurance statement to the National Audit Office by 13 September 2019.</p>

OVERVIEW

- Contents
- Introduction
- Executive summary
- Financial statements
- Audit differences
- Other reporting matters
- Use of resources**
- Overview
- Sustainable finances
- commercialisation
- Control environment
- Audit report
- Independence and fees
- Appendices contents

We are required to be satisfied that proper arrangements have been made to secure economy, efficiency and effectiveness in the use of resources (value for money) and report to you on an 'except for' basis. This is based on the following reporting criterion:

In all significant respects, the audited body had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people.

There are three sub criteria that we consider as part of our overall risk assessment:

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

Audit Risk	Criterion	Risk Rating	Issues identified that impact on conclusion
Sustainable finances	Sustainable resource deployment	Significant	No

SUSTAINABLE FINANCES

Contents
Introduction
Executive summary
Financial statements
Audit differences
Other reporting matters
Use of resources
Overview
Sustainable finances
commercialisation
Control environment
Audit report
Independence and fees
Appendices contents

The Council will need to deliver significant savings to maintain balanced budgets.	
Significant risk	
Normal risk	
Sustainable resource deployment	
Informed decision making	
Working with partners and other third parties	
Significant control findings	

Risk description

Forthcoming changes to funding, including that relating to the New Homes Bonus and business rates retention is expected to place notable financial pressures on the Council in the medium term.

In anticipation of this, the Council is taking steps to consider a number of commercial development opportunities and potentially transformational change. Current financial stability allows the Council time to put such arrangements in place in a properly considered manner and not hastily.

Nevertheless, the financial pressure and the way in which the proposed initiatives are approached represent a significant risk in respect of the sustainable deployment of resources, informed decision-making and working with partners.

Work performed

We carried out the following planned audit procedures:

- We will review the assumptions used in the Medium Term Financial Strategy and assess the reasonableness of the cost pressures and the amount of Government grant reductions applied.
- We will also review the strategies to close the budget gap in the medium term.
- Hold interviews with key officers.

Results

The Council has appropriate arrangements in place to ensure that it can sustainably deploy resources in the medium term.

We have reviewed the MTFS and the assumptions used for revenue planning and are content that these are reasonable. The Council made a surplus compared to budget of £336k in 2018/19. The Council is budgeting a break even position for 2019/20, putting aside £1.059 from the 2019/20 budget into a funding reserve and then allocating this over the next 4 years to support a programme of change (saving and efficiencies) in future years. Work is underway to identify the savings required to close the gap in the medium term, an efficiency workshop for senior managers is planned for August 2019 (a similar workshop occurred in 2018/19 and these savings were built into the budget position). The Council has sufficient unallocated general fund balances so has sufficient resources to cover the gap in the medium term.

SIGNIFICANT DEFICIENCIES

Contents
Introduction
Executive summary
Financial statements
Audit differences
Other reporting matters
Use of resources
Control environment
Significant deficiencies
Other deficiencies
Audit report
Independence and fees
Appendices contents

We are required to report to you, in writing, significant deficiencies in internal control that we have identified during the audit. These matters are limited to those which we have concluded are of sufficient importance to merit being reported to the Governance, Audit and Performance Committee.

As the purpose of the audit is for us to express an opinion on the Group and the Council’s financial statements and use of resources, you will appreciate that our audit cannot necessarily be expected to disclose all matters that may be of interest to you and, as a result, the matters reported may not be the only ones which exist.

As part of our work, we considered internal control relevant to the preparation of the financial statements such that we were able to design appropriate audit procedures. This work was not for the purpose of expressing an opinion on the effectiveness of internal control.

We have not identified any significant control deficiencies.

OVERVIEW

Contents
Introduction
Executive summary
Financial statements
Audit differences
Other reporting matters
Use of resources
Control environment
Audit report
Overview
Independence and fees
Appendices contents

Opinion on financial statements

We anticipate issuing an unmodified opinion on the Group and the Council financial statements.

Work completed to date has identified no matters that we wish to draw attention to by way of ‘emphasis of matter’.

Conclusion on use of resources

Our use of resources review is ongoing. Work completed to date has not signified a requirement to issue an adverse or qualified conclusion.

Conclusion relating to going concern

We have nothing to report in respect of the applicability of the going concern basis of accounting or the Group’s ability to continue as a going concern for a period of at least twelve months from the date of approval of the financial statements.

There are no material uncertainties in relation to going concern disclosed in the financial statements of which we are aware and need to draw attention to in our report.

Other information

We have not identified any material misstatements or inconsistencies that would need to be referred to in our report.

Annual Governance Statement

We have no matters to report in relation to the Annual Governance Statement as it is not inconsistent with other information we are aware of or misleading.

INDEPENDENCE

Contents
Introduction
Executive summary
Financial statements
Audit differences
Other reporting matters
Use of resources
Control environment
Audit report
Independence and fees
Independence
Fees
Appendices contents

Under ISAs (UK) and the FRC’s Ethical Standard we are required, as auditors, to confirm our independence.

Under ISAs (UK) and the FRC’s Ethical Standard, we are required as auditors to confirm our independence.

We have embedded the requirements of the Standards in our methodologies, tools and internal training programmes. Our internal procedures require that audit engagement partners are made aware of any matters which may reasonably be thought to bear on the integrity, objectivity or independence of the firm, the members of the engagement team or others who are in a position to influence the outcome of the engagement. This document considers such matters in the context of our audit for the year ended 31 March 2019.

Details of rotation arrangements for key members of the audit team and others involved in the engagement were provided in our Audit Plan.

We have not identified any relationships or threats that may reasonably be thought to bear on our objectivity and independence.

We confirm that the firm, the engagement team and other partners, directors, senior managers and managers conducting the audit comply with relevant ethical requirements including the FRC’s Ethical Standard or the IESBA Code of Ethics as appropriate and are independent of the Council and the Group.

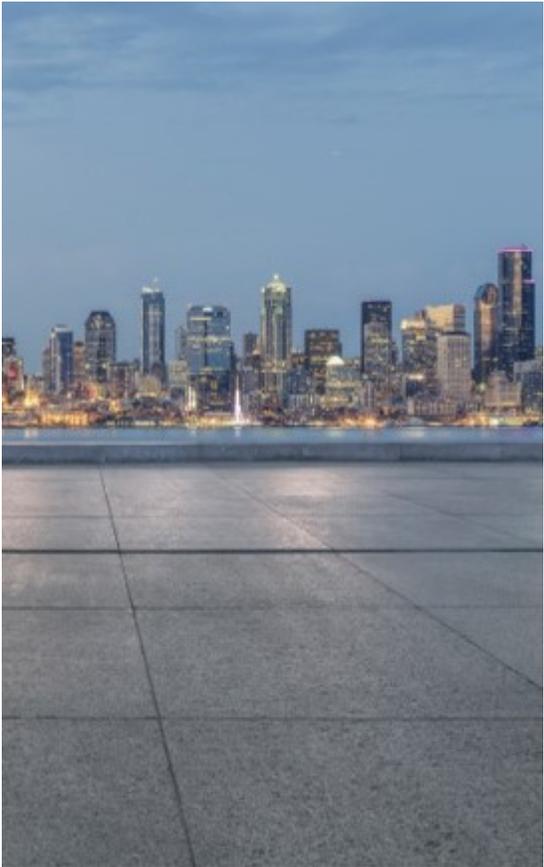
We also confirm that we have obtained confirmation of independence from non BDO auditors and external audit experts involved in the audit comply with relevant ethical requirements including the FRC’s Ethical Standard and are independent of the Council and the Group.

Should you have any comments or queries regarding any independence matters we would welcome their discussion in more detail.

FEES

Contents
Introduction
Executive summary
Financial statements
Audit differences
Other reporting matters
Use of resources
Control environment
Audit report
Independence and fees
Independence
Fees
Appendices contents

Fees summary	2018/19	2018/19
	Actual	Planned
	£	£
Audit fee		
• Code audit fee: Consolidated Group and Council financial statements and use of resources	40,745	40,745
Non-audit assurance services		
Fees for reporting on government grants:		
• Housing benefits subsidy claim	TBC	17,000
• Aspire audit	TBC	12,500
Total fees	TBC	70,245



APPENDICES CONTENTS

A	Our responsibilities	32
	Responsibilities and reporting	32
	Additional matters we are required to report	33
	Communication and reports issued	34
B	Outstanding matters	35
	Outstanding matters	35
C	Audit report	36
	Audit report	36
D	Audit quality	37
	Audit quality	37
E	Letter of Representation	38

Draft Letter of Representation	38
Draft Letter of Representation 2	39
Draft Letter of Representation 3	40

RESPONSIBILITIES AND REPORTING

Responsibilities and reporting

Contents
Appendices contents
Our responsibilities
Additional matters we are required to report
Communication and reports issued
Outstanding matters
Audit report
Audit quality
Representative letter
Representative letter 2
Representative letter 3

Our responsibilities and reporting

We are responsible for performing our audit under International Standards on Auditing (UK) to form and express an opinion on your consolidation Group and Council financial statements. We report our opinion on the financial statements to the members of the Council.

We read and consider the ‘other information’ contained in the Statement of Accounts such as the Narrative Report. We will consider whether there is a material inconsistency between the other information and the financial statements or other information and our knowledge obtained during the audit.

We report where we consider that the Group has not put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

We submit an assurance statement to the National Audit Office (NAO) to the extent required for a local government body below the audit threshold.

What we don’t report

Our audit is not designed to identify all matters that may be relevant to the Governance, Audit and Performance Committee and cannot be expected to identify all matters that may be of interest to you and, as a result, the matters reported may not be the only ones which exist.



Additional matters we are required to report

ADDITIONAL MATTERS WE ARE REQUIRED TO REPORT

- Contents
- Appendices contents
- Our responsibilities
- Additional matters we are required to report
- Communication and reports issued
- Outstanding matters
- Audit report
- Audit quality
- Representative letter
- Representative letter 2
- Representative letter 3

	Issue	Comments
1	Significant difficulties encountered during the audit.	No exceptions to note.
2	Written representations which we seek.	We enclose a copy of our draft representation letter.
3	Any fraud or suspected fraud issues.	No exceptions to note.
4	Any suspected non-compliance with laws or regulations.	No exceptions to note.
5	Significant matters in connection with related parties.	No exceptions to note, related audit procedures remain ongoing.

COMMUNICATION AND REPORTS ISSUED

- Contents
- Appendices contents
- Our responsibilities
- Additional matters we are required to report
- Communication and reports issued
- Outstanding matters
- Audit report
- Audit quality
- Representative letter
- Representative letter 2
- Representative letter 3

Those Charged with Governance (TCWG)

References in this report to those charged with governance are to the Council as a whole. For the purposes of our communication with those charged with governance you have agreed we will communicate primarily with the Governance, Audit and Performance Committee.

Communication, meetings and feedback

We request feedback from you on our planning and completion report to promote two way communication throughout the audit process and to ensure that all risks are identified and considered; and at completion that the results of the audit are appropriately considered.

We have met with management throughout the audit process. We have issued regular updates driving the audit process with clear and timely communication, bringing in the right resource and experience to ensure efficient and timely resolution of issues.

Communication	Date (to be) communicated	To whom
Audit Plan	7 February 2019	Governance, Audit and Performance Committee
Audit Completion Report	25 July 2019	Governance, Audit and Performance Committee
Annual Audit Letter	26 September 2019	Governance, Audit and Performance Committee

OUTSTANDING MATTERS

Contents
Appendices contents
Our responsibilities
Additional matters we are required to report
Communication and reports issued
Outstanding matters
Audit report
Audit quality
Representative letter
Representative letter 2
Representative letter 3

We have substantially completed our audit work in respect of the financial statements and use of resources for the year ended 31 March 2019.

The following matters are outstanding at the date of this report and could impact our audit opinion. We will update you on their current status at the Audit Committee meeting at which this report is considered:

- Completion of audit procedures in respect of:
 - Journals
 - Cashflow
 - Financial Instruments
 - Consolidation
 - Housing and Council Tax Benefits (required for accounts opinion)
 - Long term debtors
- Queries with valuers with respect to agreeing floor areas of samples selected.
- Receipt of remaining investment confirmations
- Completion of manager and partner reviews
- Subsequent events review



AUDIT REPORT

[To follow]

Contents
Appendices contents
Our responsibilities
Additional matters we are required to report
Communication and reports issued
Outstanding matters
Audit report
Audit quality
Representative letter
Representative letter 2
Representative letter 3

AUDIT QUALITY

Contents
Appendices contents
Our responsibilities
Additional matters we are required to report
Communication and reports issued
Outstanding matters
Audit report
Audit quality
Representative letter
Representative letter 2
Representative letter 3



BDO is totally committed to audit quality

It is a standing item on the agenda of BDO’s Leadership Team who, in conjunction with the Audit Stream Executive (which works to implement strategy and deliver on the audit stream’s objectives), monitor the actions required to maintain a high level of audit quality within the audit stream and address findings from external and internal inspections.

BDO welcomes feedback from external bodies and is committed to implementing a necessary actions to address their findings.

We recognise the importance of continually seeking to improve audit quality and enhancing certain areas. Alongside reviews from a number of external reviewers, the AQR (the Financial Reporting Council’s Audit Quality Review team), QAD (the ICAEW Quality Assurance Department) and the PCAOB (Public Company Accounting Oversight Board who oversee the audits of US companies), the firm undertakes a thorough annual internal Audit Quality Assurance Review and as member firm of the BDO International network we are also subject to a quality review visit every three years.

We have also implemented additional quality control review processes for all listed and public interest audits.

More details can be found in our Transparency Report at www.bdo.co.uk

Letter of representation

[Client name and Letter headed paper]

BDO LLP
16 The Havens
Ransomes Europark
Ipswich
IP3 9SJ

Dear Sirs

Financial statements of Uttleford District Council for the year ended 31 March 2019

We confirm that the following representations given to you in connection with your audit of the Group and the Council's financial statements for the year ended 31 March 2019 are made to the best of our knowledge and belief, and after having made appropriate enquiries of other officers and members of the Council.

The Director of Finance and Corporate Services has fulfilled his responsibilities for the preparation and presentation of the Group and the Council financial statements as set out in the Accounts and Audit Regulations 2015 and in particular that the financial statements give a true and fair view of the financial position of the Group and the Council as of 31 March 2019 and of its income and expenditure and cash flows for the year then ended in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom (the Code).

We have fulfilled our responsibilities on behalf of the Council, as set out in the Accounts and Audit Regulations 2015, to make arrangements for the proper administration of the Council's financial affairs, to conduct a review at least once in a year of the effectiveness of the system of internal control and approve the Annual Governance Statement, to approve the Statement of Accounts (which include the financial statements), and for making accurate representations to you.

We have provided you with unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence. In addition, all the accounting records of the Council have been made available to you for the purpose of your audit and all the transactions undertaken by the Council have been properly reflected and recorded in the accounting records. All other records and related information, including minutes of management and other meetings have been made available to you.

Going concern

We have made an assessment of the Group and the Council's ability to continue as a going concern for a period of at least twelve months from the date on which the financial statements were approved for release. As a result of our assessment we consider that the Group and the Council is able to continue to operate as a going concern and that it is appropriate to prepare the financial statements on a going concern basis. Furthermore, we confirm that the disclosures included in the financial statements are sufficient.

In making our assessment we did not consider there to be any material uncertainty relating to events or conditions that individually or collectively may cast significant doubt on the Group and the Council's ability to continue as a going concern.

Post balance sheet events

There have been no events since the balance sheet date which either require changes to be made to the figures included in the financial statements or to be disclosed by way of a note. Should any material events of this type occur, we will advise you accordingly.

Litigation and claims

We have disclosed to you all known actual or possible litigation and claims whose effects should be considered when preparing the financial statements and these have been accounted for and disclosed in accordance with the requirements of accounting standards.

Contents
Appendices contents
Our responsibilities
Additional matters we are required to report
Communication and reports issued
Outstanding matters
Audit report
Audit quality
Representative letter
Representative letter 2
Representative letter 3

Contents
Appendices contents
Our responsibilities
Additional matters we are required to report
Communication and reports issued
Outstanding matters
Audit report
Audit quality
Representative letter
Representative letter 2
Representative letter 3

Laws and regulations

In relation to those laws and regulations which provide the legal framework within which the Council’s business is conducted and which are central to our ability to conduct our business, we have disclosed to you all instances of possible non-compliance of which we are aware and all actual or contingent consequences arising from such instances of non-compliance.

Fraud and error

We are responsible for adopting sound accounting policies, designing, implementing and maintaining internal control, to, among other things, help assure the preparation of the financial statements in conformity with generally accepted accounting principles and preventing and detecting fraud and error.

We have considered the risk that the financial statements may be materially misstated due to fraud and have identified no significant risks.

To the best of our knowledge we are not aware of any fraud or suspected fraud involving management or employees. Additionally, we are not aware of any fraud or suspected fraud involving any other party that could materially affect the financial statements.

To the best of our knowledge we are not aware of any allegations of fraud or suspected fraud affecting the financial statements that have been communicated by employees, former employees, analysts, regulators or any other party.

Misstatements

We attach a schedule showing uncorrected misstatements that you have identified, which we acknowledge that you request we correct. Where appropriate we have explained our reasons for not correcting such misstatements below. In our opinion, the effects of not recording such identified financial statement misstatements are, both individually and in the aggregate, immaterial to the financial statements as a whole.

Contents
Appendices contents
Our responsibilities
Additional matters we are required to report
Communication and reports issued
Outstanding matters
Audit report
Audit quality
Representative letter
Representative letter 2
Representative letter 3

Related party transactions

We have disclosed to you the identity of all related parties and all the related party relationships and transactions of which we are aware. We have appropriately accounted for and disclosed such relationships and transactions in accordance with the applicable financial reporting framework.

Other than as disclosed in note 15.2 to the financial statements, there were no loans, transactions or arrangements between any Group entity and Council members or their connected persons at any time in the year which were required to be disclosed.

The disclosures in the financial statements concerning the controlling party of the Council are accurate.

Carrying value and classification of assets and liabilities

We have no plans or intentions that may materially affect the carrying value or classification of assets or liabilities reflected in the consolidated Group and Council financial statements.

Confirmation

We confirm that the above representations are made on the basis of enquiries of management and staff with relevant knowledge and experience (and, where appropriate, of inspection of supporting documentation) sufficient to satisfy ourselves that we can properly make each of the above representations to you.

We confirm that the financial statements are free of material misstatements, including omissions.

We acknowledge our legal responsibilities regarding disclosure of information to you as auditors and confirm that so far as we are aware, there is no relevant audit information needed by you in connection with preparing your audit report of which you are unaware. Each director and member has taken all the steps that they ought to have taken as a director or member of the Council in order to make themselves aware of any relevant audit information and to establish that you are aware of that information.

Yours faithfully

Adrian Webb
 Director of Finance and Corporate Services

[date]

Councillor Edward Oliver
 Chair of the Governance, Audit and Performance Committee

[date]



FOR MORE INFORMATION:

David Eagles

t: 01473 320728
m: 07967 203431
e: david.eagles@bdo.co.uk

Alison Langridge

t: 01473 320752
e: alison.langridge@bdo.co.uk

The matters raised in our report prepared in connection with the audit are those we believe should be brought to your attention. They do not purport to be a complete record of all matters arising. This report is prepared solely for the use of the organisation and may not be quoted nor copied without our prior written consent. No responsibility to any third party is accepted.

BDO is an award winning UK member firm of BDO International, the world's fifth largest accountancy network, with more than 1,500 offices in over 160 countries.

BDO LLP is a corporate establishment under the Limited Liability Partnership Act 2000 and a UK Member Firm of BDO International. BDO Northern Ireland, a separate partnership, operates under a licence agreement. BDO LLP and BDO Northern Ireland are both separately authorised and regulated by the Financial Conduct Authority to conduct investment business.

© 2019 BDO LLP. All rights reserved.

www.bdo.co.uk

