





Private and Confidential 19 July 2019

Dear Audit Committee Members

We are pleased to attach our audit results report for the forthcoming meeting of the Audit Committee. This report summarises our audit conclusion in relation to the audit of Castle Point Council for 2018/19.

We have substantially completed our audit of Castle Point Council for the year ended 31 March 2019. Subject to concluding the outstanding matters listed in our report, we confirm that we expect to issue an unqualified audit opinion on the financial statements in the form at Section 03 by the accounts publication date of 31 July 2019. We also have no matters to report on your arrangements

This report is intended solely for the use of the Audit Committee, other members of the Authority, and senior management. It should not be used for any other purpose or given to any other party without obtaining our written consent.

We would like to thank your staff for their help during the engagement.

to secure economy, efficiency and effectiveness in your use of resources

We welcome the opportunity to discuss the contents of this report with you at the Audit Committee meeting on 25 July 2019.

Yours sincerely

Debbie Hanson

Associate Partner

For and on behalf of Ernst & Young LLP

Encl

Contents



In April 2015 Public Sector Audit Appointments Ltd (PSAA) issued "Statement of responsibilities of auditors and audited bodies". It is available from the PSAA website (www.PSAA.co.uk). The Statement of responsibilities serves as the formal terms of engagement between 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 'Terms of Appointment (updated April 2018)' issued by the PSAA sets out additional requirements that auditors must comply with, over and above those set out in the National Audit Office Code of Audit Practice (the Code) and in legislation, and covers matters of practice and procedure which are of a recurring nature.

This report is made solely to the Audit Committee, the Authority and management of Castle Point Borough Council in accordance with the statement of responsibilities. Our work has been undertaken so that we might state to the Audit Committee, the Authority and management of Castle Point Borough Council those matters we are required to state to them in this report and for no other purpose. To the fullest extent permitted by law we do not accept or assume responsibility to anyone other than the Audit Committee, the Authority and management of Castle Point Borough Council for this report or for the opinions we have formed. It should not be provided to any third-party without our prior written consent.





Scope update

In our Audit Planning Report presented at the 28 March 2019 Audit Committee meeting, we provided you with an overview of our audit scope and approach for the audit of the financial statements. We carried out our audit in accordance with this Plan subject to the modifications noted below.

Changes in materiality:

In our Audit Committee Planning Report, we communicated that our audit procedures would be performed using a materiality of £1.05 million, with performance materiality, at 75% of overall materiality, of £0.78 million, and a threshold for reporting misstatements of £52k. We updated our planning materiality assessment using the draft accounts and have also reconsidered our risk assessment. Based on our materiality measure of gross expenditure on provision of services, we have updated our overall materiality assessment to £1.02 million. This results in updated performance materiality, at 75% of overall materiality, of £0.77 million and reporting threshold of £51k. The basis of our assessment remains 2% of gross expenditure on provision of services.

Additional value for money risk:

Our Audit Plan noted that our value for money risk assessment had not resulted in any significant risks identified at planning stage. We did however identify two areas that we would continue to monitor to determine whether they present a risk at year end. These related to the development of the local plan and void turnaround times. We have completed our procedures in relation to these areas and confirmed that they do not represent significant risks at year end. We have however identified a significant value for money risk related to arrangements for deploying resources in a sustainable manner, as a result of the change in the Council's Medium term financial strategy which indicates a significant reduction in reserves over the 3 year period covered by the plan. We also considered the Council's recent plans to purchase an investment property and concluded that this was not a risk to our value for money conclusion in 2018/19.



Status of the audit

We have substantially completed our audit of Castle Point's financial statements for the year ended 31 March 2019 and have performed the procedures outlined in our Audit planning report. Subject to satisfactory completion of the outstanding matters set out below we expect to issue an unqualified opinion on the Authority's financial statements in the form which appears at Section 4. However until work is complete, further amendments may arise:

- Review of the final version of the financial statements
- · Completion of subsequent events review
- Receipt of the signed management representation letter and financial statements

We expect to issue the audit certificate at the same time as the audit opinion.

Audit differences

To date, we identified one unadjusted audit difference in the draft financial statements which management has chosen not to adjust. We ask that this be corrected or a rationale as to why the error has not been corrected be approved by the Council and included in the Letter of Representation. The unadjusted difference relates to the impact of the McCloud legal ruling. The Council has obtained an updated assessment of the impact of this judgement on their IAS19 disclosures in the accounts from the actuary. This has identified a potential increase in the net pension fund liability of £577k, and a corresponding increase in the Remeasurement of the net defined pension benefit liability.

We have also identified a number of presentational differences which have been adjusted by management.

Details can be found in Section 4 Audit Differences



Areas of audit focus

Our Audit Planning Report identified key areas of focus for our audit of Castle Point Borough Council's financial statements This report sets out our observations and conclusions, including our views on areas which might be conservative, and where there is potential risk and exposure. We summarise our consideration of these matters, and any others identified, in the "Key Audit Issues" section of this report.

We ask you to review these and any other matters in this report to ensure:

- ▶ There are no other considerations or matters that could have an impact on these issues
- You agree with the resolution of the issue
- ▶ There are no other significant issues to be considered.

There are no matters, apart from those reported by management or disclosed in this report, which we believe should be brought to the attention of the Audit Committee.

Control observations

We have adopted a fully substantive approach, so have not tested the operation of controls.

We have no issues to report.

Executive Summary

Value for money

We have considered your arrangements to take informed decisions; deploy resources in a sustainable manner; and work with partners and other third parties. In our Audit Planning Report we identified no significant risks.

We have no matters to report about your arrangements to secure economy efficiency and effectiveness in your use of resources.

Other reporting issues

We have reviewed the information presented in the Annual Governance Statement for consistency with our knowledge of the Authority. We have no matters to report as a result of this work.

The Council is below the threshold set by the National Audit Office (NAO) for the Whole of Government Accounts submission. Therefore we do not have any procedures to undertake and have no issues to report.

We have no matters to report.

Independence

Please refer to Section 10 for our update on Independence.





Significant risk

Misstatements due to fraud or error

What is the risk?

The financial statements as a whole are not free of material misstatements whether caused by fraud or error.

As identified in ISA (UK and Ireland) 240, management is in a unique position to perpetrate fraud because of its ability to manipulate accounting records directly or indirectly 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.

What judgements are we focused on?

We focussed on testing key areas that are susceptible to management bias including journal entries, material accounting estimates, and unusual transactions.

What did we do?

- Inquired of management about risks of fraud and the controls put in place to address those risks.
- Understood the oversight given by those charged with governance of management's processes over fraud.
- Considered of the effectiveness of management's controls designed to address the risk of fraud.

Performed mandatory procedures regardless of specifically identified fraud risks, including:

- Tested the appropriateness of journal entries recorded in the general ledger and other adjustments made in the preparation of the financial statements
- Assessed accounting estimates for evidence of management bias, and
- Evaluated the business rationale for significant unusual transactions.

In addition to our overall response, we considered where these risks may present themselves and identified a separate fraud risk related to the capitalisation of revenue expenditure as set out on the next slide.

What are our conclusions?

We have not identified any material weaknesses in controls or evidence of material management override.

We have not identified any instances of inappropriate judgements being applied.

We did not identify any other transactions during our audit which appeared unusual or outside the Authority's normal course of business





Significant risk

Incorrect capitalisation of revenue expenditure

What is the risk?

As identified in ISA 240, management is in a unique position to perpetrate fraud because of its ability to manipulate accounting records directly or indirectly and prepare fraudulent financial statements by overriding controls that would otherwise appear to be operating effectively.

In considering how the risk of management override may present itself, we conclude that this is primarily through management taking action to override controls and manipulate in year financial transactions that impact the medium to longer term projected financial position. A key way of improving the revenue position is through the inappropriate capitalisation of revenue expenditure. The Council has a significant fixed asset base and a material capital programme and therefore has the potential to materially impact the revenue position through inappropriate capitalisation.

What judgements are we focused on?

We focussed on the testing capital expenditure and obtaining evidence that additions have been correctly classified as capital expenditure.

What did we do?

We took a substantive approach to respond to this risk, undertaking the following procedures:

- Performing sample testing on additions to property, plant and equipment to a more granular level to ensure that they have been correctly classified as capital, and included at the correct value, to identify any revenue items that have been inappropriately capitalised.
- Identification of the controls the Council has in place to prevent incorrect capitalisation of revenue expenditure.
- Consideration of the effectiveness of management's controls designed to address the risk.
- Testing year end journals which move expenditure from revenue to capital.

What are our conclusions?

Our audit work did not identify any material issues or unusual transactions to indicate any misreporting of the Authority's financial position through the inappropriate capitalisation of revenue expenditure.





Other Areas of Audit Focus

Property, plant and equipment valuations

What is the risk?

Property, plant and equipment (PPE) represents a significant balance in the Council's accounts and is subject to valuation changes, impairment reviews and depreciation charges.

Material judgemental inputs and estimation techniques are required to calculate the year-end PPE balances held in the balance sheet.

As the Council's asset base is significant, and the outputs from the valuer are subject to estimation, there is a higher inherent risk PPE may be under/overstated or the associated accounting entries incorrectly posted.

ISAs (UK and Ireland) 500 and 540 require us to undertake procedures on the use of experts and assumptions underlying fair value estimates.

What judgements are we focused on?

We focused on aspects of the land and buildings and investment property valuations which could have a material impact on the financial statements, primarily:

- any significant changes in the asset base;
- the assumptions and estimates used to calculate the valuation; and
- changes to the basis for valuing the assets.

What did we do?

Considered the work performed by the Council's valuers, including the adequacy of the scope of the work performed, their professional capabilities and the results of their work;

Sample tested key asset information used by the valuers in performing their valuation (for example size of the asset area to support valuations based on price per square metres):

Considered the annual cycle of valuations to ensure that assets have been valued within a 5 year rolling programme as required by the Code for PPE and annually for Investment Properties;

Reviewed assets not subject to valuation in 2018/19 to confirm that the remaining asset base is not materially misstated;

Considered any changes to useful economic lives as a result of the most recent valuation; and

Tested accounting entries have been correctly processed in the financial statements.

What are our conclusions?

Our work on the valuation of land and buildings and investment property exercise is complete

Our testing has not identified any material misstatements from inappropriate judgements being applied to the property valuation estimates.

The expert valuers possess the relevant qualifications and experience, and undertook a review of all of the Authority's assets.

We considered the underlying assumptions made by the expert valuer and concluded that they were reasonable.



Other Areas of Audit Focus

Pension liability valuation

What is the risk?

The Local Authority Accounting Code of Practice and IAS19 require the Council to make extensive disclosures within its financial statements regarding the Local Government Pension Scheme (LGPS) in which it is an admitted body. The Council's current pension fund deficit is a highly material and sensitive item and the Code requires that this liability be disclosed on the Council's balance sheet.

The information disclosed is based on the IAS 19 report issued to the Council by the actuary. Accounting for this scheme involves significant estimation and judgement and due to the nature, volume and size of the transactions we consider this to be a higher inherent risk.

In 2017/18 the accounts were amended in advance of audit to reflect a £1.429 million change in valuation of pension fund liability due to changes in the value of pension fund assets between the actuary's estimate and year end.

What judgements are we focused on?

We focused on aspects of the pension liability, which could have a material impact on the financial statements, primarily:

- > The reasonableness of the underlying assumptions used by the Authority's expert;
- > Ensuring the information supplied to the actuary in relation to Castle Point Borough Council was complete and accurate;
- > Considering the reasonableness of any significant changes in assumptions made by the actuary;
- > Considering the assessments of the actuary undertaken by PWC and the EY actuarial team.

What did we do?

- Liaised with the auditors of the administering authority (Essex Pension Fund), to obtain assurances over the information supplied to the actuary in relation to Castle Point Borough Council:
- Assessed the work of the Pension Fund actuary, Barnett Waddingham, including the assumptions they have used by relying on the work of PWC - Consulting Actuaries commissioned by NAO for all Local Government sector auditors, and considering any relevant reviews by the EY actuarial team;
- Review Essex County Council draft financial statements and compare the year end asset values with the estimate used by the actuary in producing the Council's IAS 19 report and consider the impact on he Council's pension fund liability and IAS19 disclosures; and
- Reviewed and tested the accounting entries and disclosures made within the Council's financial statements in relation to IAS19.

What are our conclusions?

We have received reports from the Essex Pension Auditor and the EY actuarial team.

We have considered the updated IAS19 report and assessment obtained from the actuary and concluded that the impact of the change in asset values and the impact of the McCloud ruling are not material. We have however noted an unadjusted error as noted elsewhere in this report as the Council has not reflected the updated IAS19 figures in its accounts.

We have also considered the potential impact of the Guaranteed minimum pension ruling, taking into account the actuaries comments, and concluded that the potential impact of this of between £107k and £321k is not material and we are satisfied that the estimated liability is therefore materially accurate.

The accounting entries and disclosures are in line with our expectations and the Code.





Other areas of audit focus

We identified other areas of the audit, that have not been classified as significant risks, but are still important when considering the risks of material misstatement to the financial statements and disclosures and therefore may be key audit matters we will include in our audit report.

Financial statement area	What we did	What we concluded
IFRS 9 financial instruments This new accounting standard is applicable for local authority accounts from the 2018/19 financial year and will change: How financial assets are classified and measured; How the impairment of financial assets are calculated; and The disclosure requirements for financial assets. There are transitional arrangements within the standard; and the 2018/19 CIFPA Code of practice on local authority accounting provides guidance on the application of IFRS 9. However, until the Guidance Notes are issued and any statutory overrides are confirmed there remains some uncertainty on the accounting treatment.	 Assessed the authority's implementation arrangements that should include an impact assessment paper setting out the application of the new standard, transitional adjustments and planned accounting for 2018/19; Considered the classification and valuation of financial instrument assets; Reviewed new expected credit loss model impairment calculations for assets; and Checked additional disclosure requirements. 	We have concluding our work in this area and have no issues to report
IFRS 15 Revenue from contracts with customers This new accounting standard is applicable for local authority accounts from the 2018/19 financial year. The key requirements of the standard cover the identification of performance obligations under customer contracts and the linking of income to the meeting of those performance obligations. The impact on local authority accounting is likely to be limited as large revenue streams like council tax, non domestic rates and government grants will be outside the scope of IFRS 15. However where that standard is relevant, the recognition of revenue will change and new disclosure requirements introduced.	 Assessed the authority's implementation arrangements that should include an impact assessment paper setting out the application of the new standard, transitional adjustments and planned accounting for 2018/19; Considered application to the authority's revenue streams, and where the standard is relevant test to ensure revenue is recognised when (or as) it satisfies a performance obligation; and Checked additional disclosure requirements 	Having reviewed the Council's analysis of the impact of IFRS 15 on their financial statements, we agreed with their conclusion that this standard does not have a material impact on their disclosures.





Draft audit report

Our opinion on the financial statements

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CASTLE POINT BOROUGH COUNCIL

Opinion

We have audited the financial statements of Castle Point Borough Council for the year ended 31 March 2019 under the Local Audit and Accountability Act 2014. The financial statements comprise the:

- Comprehensive Income and Expenditure Statement,
- Movement in Reserves Statement
- Balance Sheet,
- Cash Flow Statement,
- The related notes AP1 to AP24 and 1 to 24,
- Housing Revenue Account Income and Expenditure Statement, the Movement on the Housing Revenue Account Statement and the related notes 1 to 4, and
- Collection Fund and the related notes 1 to 2.

The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2018/19.

In our opinion the financial statements:

- give a true and fair view of the financial position of Castle Point Borough Council at 31 March 2019 and of its expenditure and income for the year then ended; and
- have been prepared properly in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2018/19.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the authority in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and the Comptroller and Auditor General's (C&AG) AGN01, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Strategic Director (Resources) use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Strategic Director (Resources) has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Authority's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.



Our opinion on the financial statements

Other information

The other information comprises the information included in the Statement of Accounts, other than the financial statements and our auditor's report thereon. The Strategic Director (Resources) is responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matters prescribed by the Local Audit and Accountability Act 2014

In our opinion, based on the work undertaken in the course of the audit, having regard to the guidance issued by the C&AG in November 2017, we are satisfied that, in all significant respects, Castle Point Borough Council put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2019.

Matters on which we report by exception

We report to you if:

- in our opinion the annual governance statement is misleading or inconsistent with other information forthcoming from the audit or our knowledge of the Council;
- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014;
- we make written recommendations to the audited body under Section 24 of the Local Audit and Accountability Act 2014;
- we make an application to the court for a declaration that an item of account is contrary to law under Section 28 of the Local Audit and Accountability Act 2014;
- we issue an advisory notice under Section 29 of the Local Audit and Accountability Act 2014; or
- we make an application for judicial review under Section 31 of the Local Audit and Accountability Act 2014.

We have nothing to report in these respects



Our opinion on the financial statements

Responsibility of the Strategic Director (Resources)

As explained more fully in the Statement of Responsibilities for the Statement of Accounts set out on page 18, the Strategic Director (Resources) is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2018/19, and for being satisfied that they give a true and fair view.

In preparing the financial statements, the Strategic Director (Resources) is responsible for assessing the Authority's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Authority either intends to cease operations, or have no realistic alternative but to do so.

The Authority is responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources, to ensure proper stewardship and governance, and to review regularly the adequacy and effectiveness of these arrangements.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at https://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Scope of the review of arrangements for securing economy, efficiency and effectiveness in the use of resources

We have undertaken our review in accordance with the Code of Audit Practice, having regard to the guidance on the specified criterion issued by the Comptroller and Auditor General (C&AG) in November 2017, as to whether the Castle Point Borough Council had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people. The Comptroller and Auditor General determined this criterion as that necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether the Castle Point Borough Council put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2019.

We planned our work in accordance with the Code of Audit Practice. Based on our risk assessment, we undertook such work as we considered necessary to form a view on whether, in all significant respects, the Castle Point Borough Council had put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

We are required under Section 20(1)(c) of the Local Audit and Accountability Act 2014 to satisfy ourselves that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The Code of Audit Practice issued by the National Audit Office (NAO) requires us to report to you our conclusion relating to proper arrangements.

We report if significant matters have come to our attention which prevent us from concluding that the Authority has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We are not required to consider, nor have we considered, whether all aspects of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.



Our opinion on the financial statements

Certificate

We certify that we have completed the audit of the accounts of Castle Point Borough Council in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice issued by the National Audit Office.

Use of our report

This report is made solely to the members of Castle Point Borough Council, as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014 and for no other purpose, as set out in paragraph 43 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Authority and the Authority's members as a body, for our audit work, for this report, or for the opinions we have formed.

Debbie Hanson (Key Audit Partner) Ernst & Young LLP (Local Auditor) Luton Date: The maintenance and integrity of the Castle Point Borough Council web site is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the web site. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.





Audit Differences

In the normal course of any audit, we identify misstatements between amounts we believe should be recorded in the financial statements and the disclosures and amounts actually recorded. These differences are classified as "known" or "judgemental". Known 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.

Summary of adjusted and unadjusted differences

Adjusted differences

We have identified a number of presentational differences which have been adjusted by management. The Council has also amended the accounts to include a nonadjusting post balance sheet note in relation to the purchase of an investments property after 31 March 2019.

Unadjusted differences

At the time of writing, there is one uncorrected misstatement related to the pensions liability.

A ruling was made related to age discrimination arising from public sector pension scheme transition arrangements affecting judges' pensions (McCloud) and firefighter pensions (Sergeant) that had implications for the local government pension scheme.

The LGPS Scheme Advisory Board commissioned GAD to undertake an assessment of the impact of the McCloud judgement on the LGPS. EY Pensions have been able to replicate GAD's findings and outcomes and we have therefore concluded that a reliable estimation methodology is available.

The judgement gives rise to a liability and past service cost under IAS19. There is a constructive obligation to take into account given the McCloud (and Sargeant) rulings are that the transitional protections given during the 2015 pension scheme reforms were unlawful. The circumstances meet the criteria for a provision, taking account of the principles under IAS37. The Council has assessed the impact on their statement of accounts taking into account their view of materiality, by requesting a revised IAS 19 report from their actuary. We have made an assessment of the reasonableness of the calculation based on guidance from EY Pensions.

The revised IAS 19 report received by the Council also updated the net assets position based on the final reported position of the Pension Fund. This has identified a potential increase in the net pension fund liability of £577k, and a corresponding increase in the Remeasurement of the net defined pension benefit liability. We ask that this be corrected or a rationale as to why the error has not been corrected be approved by the Council and included in the Letter of Representation.



Audit Differences

Summary of unadjusted differences

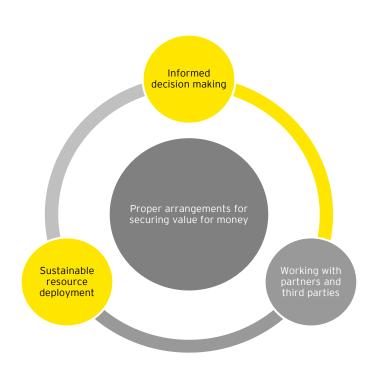
At the time of writing, we highlight the following misstatements to the financial statements and/or disclosures which were not corrected by management. Should these remain uncorrected, we will request that these are corrected or a rationale as to why they are not corrected be considered and approved by the Audit Committee and provided within the Letter of Representation:

Uncorrected misstatements 31 March 2019 (£000)	Effect on the current period:	8		(De	Balance Sheet ecrease)/Increase
	Comprehensive income and expenditure statement Debit/(Credit)	Assets current Debit/ (Credit)	Assets non current Debit/ (Credit)	Liabilities current Debit/ (Credit)	Liabilities non- current Debit/ (Credit)
Errors					
The net pensions liability is understated by £577k based on a difference arising by comparing the actuary's projected total fund value as at 31 March 2019 and the reported value of the fund and the impact of the McCloud judgement.					
Net Pensions liability					(577)
Pensions Remeasurement of the net defined benefit liability	577				



V F M

Value for Money



Background

We are required to consider whether the Council has put in place 'proper arrangements' to secure economy, efficiency and effectiveness on its use of resources. This is known as our value for money conclusion.

For 2018/19 this is based on the overall evaluation 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"

Proper arrangements are defined by statutory guidance issued by the National Audit Office. They comprise your arrangements to:

- Take informed decisions;
- Deploy resources in a sustainable manner; and
- Work with partners and other third parties.

In considering your proper arrangements, we will draw on the requirements of the CIPFA/SOLACE framework for local government to ensure that our assessment is made against a framework that you are already required to have in place and to report on through documents such as your annual governance statement.

Overall conclusion

In our Audit Plan reported that our value for money risk assessment had not resulted in any significant risks identified at planning stage. We did however identified two areas that we would continue to monitor to determine whether they present a risk at year end. These related to the development of the local plan and void turnaround times. We have completed our procedures in relation to these areas and confirmed that the Council has taken adequate action to address both of these issues and they do not represent significant risks at year end. We have however identified a new significant value for money risk related to arrangements for deploying resources in a sustainable manner. This is as a result of the change in the Council's Medium term financial strategy which indicates a significant reduction in reserves over the 3 year period covered by the plan. We also considered the Council's recent planned purchase of an investment property and concluded that this was not a risk to our value for money conclusion in 2018/19. but key decision making will occur in 2019/20 and therefore we will need to revisit the relevant decision making and governance arrangements relating to this in 2019/20. The table below presents our findings in response to the additional significant risks identified during the audit.

As a result of the work we have completed we expect having no matters to report about your arrangements to secure economy, efficiency and effectiveness in your use of resources.



Value for Money Value for Money Value Value

Value for Money Risks

We are only required to determine whether there are any risks that we consider significant within the Code of Audit Practice, where risk is defined as:

"A matter is significant if, in the auditor's professional view, it is reasonable to conclude that the matter would be of interest to the audited body or the wider public"

Our risk assessment supports the planning of enough work to deliver a safe conclusion on your arrangements to secure value for money, and enables us to determine the nature and extent of any further work needed. If we do not identify a significant risk we do not need to carry out further work.

The table below presents the findings of our work in response to the risks areas in our Audit Planning Report.

What is the significant value for money

Since the completion of our initial planning we have obtained the updated Medium term financial forecast (MTFF) as set out in the Council's 2019/20 budget and update to MTFF.

This indicated a significant change to the from the medium term projections we had used as part of out planning. The key changes were that general funds reduced to a deficit of £428k by the end of 2021/22, compared to a position of £1.8 million in the MTFF used at planning.

The decline in the projected level of reserves presents a risk to the financial sustainability of the Council in the medium term.

We have there undertaken a detailed review of the MTFF as well as the Council's plans to deliver savings to assess whether arrangements to maintain financial sustainability are adequate.

What arrangements did the risk affect?

Deploy resources in a sustainable manner

What are our findings?

Our approach focussed on reviewing the arrangements at the Council to secure financial resilience. We looked at the Council's plans to support the delivery of its Medium Term Financial Plan, including:

- reviewing the programme of savings and efficiency plans in place at the Council;
- assessing the effectiveness of in year monitoring of progress against plans.

We have reviewed a sample of savings and are satisfied that there are plans in place to deliver these and monitor the delivery.

We have confirmed that the projected reduction in reserves is largely due to the increase in provision for projected planning appeals and associated legal costs from £600k for the 3 vears from 2019/20 to 2021/22 in the original MTFF to £2.8 million in the updated MTFF. Additionally, the recommended minimum level of reserves has been increased from £1.9 million to £2.9 million. We have considered the saving plans in place

Overall, our findings have provided us with assurance that the level of legal fees within the updated MTFS are very prudent and the council holds significant earmarked reserves which also provides additional resilience. The savings planned by the Strategic Director (Resources) have been deemed reasonable and have been supported by relevant documentation. We have also concluded that the increase in the minimum level of reserves is prudent and reflects the uncertain environment the Council is operating. We have therefore concluded that arrangements for deploying resources in a sustainable manner are adequate.



Other reporting issues

Consistency of other information published with the financial statements, including the Annual Governance Statement

We must give an opinion on the consistency of the financial and non-financial information in the Statement of Accounts 2018/19 with the audited financial statements

We must also review the Annual Governance Statement for completeness of disclosures, consistency with other information from our work, and whether it complies with relevant guidance.

Financial information in the Statement of Accounts 2018/19 and published with the financial statements is consistent with the audited financial statements.

We have reviewed the Annual Governance Statement and can confirm it is consistent with other information from our audit of the financial statements and we have no other matters to report.

Whole of Government Accounts

Alongside our work on the financial statements, we also review and report to the National Audit Office on your Whole of Government Accounts return. The extent of our review, and the nature of our report, is specified by the National Audit Office.

We will submit the required return in due course and in accordance with the deadline set. We have no issues to report on this work.

Other reporting issues

Other reporting issues

Other powers and duties

We have a duty under the Local Audit and Accountability Act 2014 to consider whether to report on any matter that comes to our attention in the course of the audit, either for the Authority to consider it or to bring it to the attention of the public (i.e. "a report in the public interest"). We did not identify any issues which required us to issue a report in the public interest.

We also have a duty to make written recommendations to the Authority, copied to the Secretary of State, and take action in accordance with our responsibilities under the Local Audit and Accountability Act 2014. We did not identify any issues.

Other matters

As required by ISA (UK&I) 260 and other ISAs specifying communication requirements, we must tell you significant findings from the audit and other matters if they are significant to your oversight of the [Authority]'s financial reporting process. They include the following:

- Significant qualitative aspects of accounting practices including accounting policies, accounting estimates and financial statement disclosures;
- Any significant difficulties encountered during the audit;
- Any significant matters arising from the audit that were discussed with management;
- Written representations we have requested;
- · Expected modifications to the audit report;
- Any other matters significant to overseeing the financial reporting process;
- Related parties;
- External confirmations;
- · Going concern; and
- Consideration of laws and regulations.

We have no issues to report





Assessment of Control Environment

Financial controls

It is the responsibility of the Authority to develop and implement systems of internal financial control and to put in place proper arrangements to monitor their adequacy and effectiveness in practice. Our responsibility as your auditor is to consider whether the Authority has put adequate arrangements in place to satisfy itself that the systems of internal financial control are both adequate and effective in practice.

As part of our audit of the financial statements, we obtained an understanding of internal control sufficient to plan our audit and determine the nature, timing and extent of testing performed. As we have adopted a fully substantive approach, we have therefore not tested the operation of controls.

Although our audit was not designed to express an opinion on the effectiveness of internal control we are required to communicate to you significant deficiencies in internal control.

We have not identified any significant deficiencies in the design or operation of an internal control that might result in a material misstatement in your financial statements of which you are not aware.





Use of Data Analytics in the Audit

Analytics Driven Audit

Data analytics

We used our data analysers to enable us to capture entire populations of your financial data. These analysers:

- ► Help identify specific exceptions and anomalies which can then be the focus of our substantive audit tests; and
- Give greater likelihood of identifying errors than traditional, random sampling techniques.

In 2018/19, our use of these analysers in the authority's audit included testing journal entries and employee expenses, to identify and focus our testing on those entries we deem to have the highest inherent risk to the audit.

We capture the data through our formal data requests and the data transfer takes place on a secured EY website. These are in line with our EY data protection policies which are designed to protect the confidentiality, integrity and availability of business and personal information.

Journal Entry Analysis

We obtain downloads of all financial ledger transactions posted in the year. We perform completeness analysis over the data, reconciling the sum of transactions to the movement in the trial balances and financial statements to ensure we have captured all data. Our analysers then review and sort transactions, allowing us to more effectively identify and test journals that we consider to be higher risk, as identified in our Audit Planning Report.







Confirmation



We confirm that there are no changes in our assessment of independence since our confirmation in our audit planning board report dated March 2019.

We complied with the FRC Ethical Standards and the requirements of the PSAA's Terms of Appointment.

We consider that our independence in this context is a matter which you should review, as well as us. It is important that you and your Audit Committee consider the facts known to you and come to a view. If you would like to discuss any matters concerning our independence, we will be pleased to do this at the meeting of the Audit Committee on 30 July 2019.

We confirm we have not undertaken any non-audit work outside the NAO Code requirements.

Independence



Relationships, services and related threats and safeguards

The FRC Ethical Standard requires that we provide details of all relationships between Ernst & Young (EY) and your Authority, and its directors and senior management and its affiliates, including all services provided by us and our network to your Authority, its directors and senior management and its affiliates, and other services provided to other known connected parties that we consider may reasonably be thought to bear on the our integrity or objectivity, including those that could compromise independence and the related safeguards that are in place and why they address the threats.

There are no relationships from 1 April 2018 to the date of this report, which we consider may reasonably be thought to bear on our independence and objectivity.

Services provided by Ernst & Young

Below includes a summary of the fees that you have paid to us in the year ended 31 March 2019 in line with the disclosures set out in FRC Ethical Standard and in statute. Full details of the services that we have provided and the related threats and safeguards are included below.

We confirm that none of the services listed below have been provided on a contingent fee basis.

As at the date of this report, future non-audit services are limited to reasonable assurance engagement for the housing subsidy grant claim. There are no other future services which have been contracted and no written proposal to provide non-audit services has been submitted.

Independence

الله Fee analysis

As part of our reporting on our independence, we set out below a summary of the fees paid for the year ended 31 March 2019.

We confirm that we have undertaken non-audit work outside the NAO Code requirements in relation to the housing subsidy grant claim. Non-audit work is work not carried out under the Code. We have adopted the necessary safeguards in completing this work and complied with Auditor Guidance Note 1 issued by the NAO in December 2017.

	Final Fee 2018/19	Planned Fee 2018/19	Scale Fee 2018/19	Final Fee 2017/18
	£	£	£	£
Total Audit Fee - Code work	43,324	43,324	43,324	56,265
Non-audit work - Housing subsidy grant claim (Note 1)	0	0	0	21,801

Note 1 - From 2018/19, the Council is responsible for appointing their own reporting accountant to undertake the work on their claims in accordance with the instructions determined by the relevant grant paying body. The Council has not appointed EY to act as reporting accountants in relation to the housing subsidy claim.





Required communications with the Audit Committee

There are certain communications that we must provide to the Audit Committees of UK clients. We have detailed these here together with a reference of when and where they were covered:

		Our Reporting to you
Required communications	What is reported?	When and where
Terms of engagement	Confirmation by the Audit Committee of acceptance of terms of engagement as written in the engagement letter signed by both parties.	The statement of responsibilities serves as the formal terms of engagement between the PSAA's appointed auditors and audited bodies
Our responsibilities	Reminder of our responsibilities as set out in the engagement letter.	Audit planning report
Planning and audit approach	Communication of the planned scope and timing of the audit, any limitations and the significant risks identified.	Audit planning report
Significant findings from the audit	 Our view about the significant qualitative aspects of accounting practices including accounting policies, accounting estimates and financial statement disclosures Significant difficulties, if any, encountered during the audit Significant matters, if any, arising from the audit that were discussed with management Written representations that we are seeking Expected modifications to the audit report Other matters if any, significant to the oversight of the financial reporting process 	Audit planning report



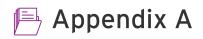
		Our Reporting to you
Required communications	What is reported?	When and where
Going concern	Events or conditions identified that may cast significant doubt on the entity's ability to continue as a going concern, including: ► Whether the events or conditions constitute a material uncertainty ► Whether the use of the going concern assumption is appropriate in the preparation and presentation of the financial statements ► The adequacy of related disclosures in the financial statements	No conditions or events were identified, either individually or together to raise any doubt about the Council's ability to continue for the 12 months from the date of our report.
Misstatements	 Uncorrected misstatements and their effect on our audit opinion The effect of uncorrected misstatements related to prior periods A request that any uncorrected misstatement be corrected Material misstatements corrected by management 	Audit results report
Subsequent events	► Enquiry of the Audit Committee where appropriate regarding whether any subsequent events have occurred that might affect the financial statements.	Audit results report
Fraud	 Enquiries of the Audit Committee to determine whether they have knowledge of any actual, suspected or alleged fraud affecting the Authority Any fraud that we have identified or information we have obtained that indicates that a fraud may exist Unless all of those charged with governance are involved in managing the Authority, any identified or suspected fraud involving: a. Management; b. Employees who have significant roles in internal control; or c. Others where the fraud results in a material misstatement in the financial statements. The nature, timing and extent of audit procedures necessary to complete the audit when fraud involving management is suspected Any other matters related to fraud, relevant to Audit Committee responsibility. 	Audit results report



		Our Reporting to you
Required communications	What is reported?	When and where
Related parties	Significant matters arising during the audit in connection with the Authority's related parties including, when applicable: Non-disclosure by management Inappropriate authorisation and approval of transactions Disagreement over disclosures Non-compliance with laws and regulations Difficulty in identifying the party that ultimately controls the Authority	Audit results report
Independence	Communication of all significant facts and matters that bear on EY's, and all individuals involved in the audit, objectivity and independence. Communication of key elements of the audit engagement partner's consideration of independence and objectivity such as: The principal threats Safeguards adopted and their effectiveness An overall assessment of threats and safeguards Information about the general policies and process within the firm to maintain objectivity and independence Communications whenever significant judgments are made about threats to objectivity and independence and the appropriateness of safeguards put in place.	Audit planning report and Audit results report



		Our Reporting to you
Required communications	What is reported?	When and where
External confirmations	 Management's refusal for us to request confirmations Inability to obtain relevant and reliable audit evidence from other procedures. 	We have received all requested confirmations
Consideration of laws and regulations	 Subject to compliance with applicable regulations, matters involving identified or suspected non-compliance with laws and regulations, other than those which are clearly inconsequential and the implications thereof. Instances of suspected non-compliance may also include those that are brought to our attention that are expected to occur imminently or for which there is reason to believe that they may occur Enquiry of the Audit 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 	We have asked management and those charged with governance. We have not identified any material instances or noncompliance with laws and regulations.
Significant deficiencies in internal controls identified during the audit	► Significant deficiencies in internal controls identified during the audit.	Audit results report/Annual Audit Letter



		Our Reporting to you
Required communications	What is reported?	When and where
Group Audits	 An overview of the type of work to be performed on the financial information of the components An overview of the nature of the group audit team's planned involvement in the work to be performed by the component auditors on the financial information of significant components Instances where the group audit team's evaluation of the work of a component auditor gave rise to a concern about the quality of that auditor's work Any limitations on the group audit, for example, where the group engagement team's access to information may have been restricted Fraud or suspected fraud involving group management, component management, employees who have significant roles in group-wide controls or others where the fraud resulted in a material misstatement of the group financial statements. 	Audit planning report and Audit results report
Written representations we are requesting from management and/or those charged with governance	Written representations we are requesting from management and those charged with governance	Audit results report
Material inconsistencies or misstatements of fact identified in other information which management has refused to revise	► Material inconsistencies or misstatements of fact identified in other information which management has refused to revise	Audit results report
Auditors report	► Any circumstances identified that affect the form and content of our auditor's report	Audit results report
Fee Reporting	 Breakdown of fee information when the audit planning report is agreed Breakdown of fee information at the completion of the audit Any non-audit work 	Audit planning report and Audit results report
Certification work	► Summary of certification work	Certification Report



Letter of Representation

Date

Ernst & Young LLP 400 Capability Green Luton Bedfordshire LU1 3LU

Dear Debbie Hanson

This letter of representations is provided in connection with the audit of the financial statements of Castle Point Borough Council ("the Authority") for the year ended 31 March 2019. The Authority recognises that obtaining representations from us concerning the information contained in this letter is a significant procedure in enabling the audit opinion to be formed as to whether the financial statements give a true and fair view of the Authority's financial position as at 31 March 2019 and of its income and expenditure for the year then ended in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2018/19.

The Authority understands that the purpose the audit of the Authority's financial statements is to express an opinion thereon and that the audit was conducted in accordance with International Standards on Auditing (UK and Ireland), which involves an examination of the accounting system, internal control and related data to the extent considered necessary in the circumstances, and is not designed to identify - nor necessarily be expected to disclose - all fraud, shortages, errors and other irregularities, should any exist.

Accordingly, the Authority makes the following representations, which are true to the best of its knowledge and belief, having made such inquiries as it considered necessary for the purpose of appropriately informing itself:

A. Financial Statements and Financial Records

- 1. The Authority has fulfilled its responsibilities, under the relevant statutory authorities, for the preparation of the financial statements in accordance with the Accounts and Audit Regulations 2015 and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2018/19.
- 2. The Authority acknowledges, its responsibility for the fair presentation of the financial statements and believe the financial statements referred to above give a true and fair view of the financial position, financial performance and cash flows of the Authority in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2018/19, and are free of material misstatements, including omissions and approve the financial statements.
- 3. The significant accounting policies adopted in the preparation of the financial statements are appropriately described in the financial statements.
- 4. The Authority believes that there are adequate systems of internal control to enable the preparation of accurate financial statements in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2018/19, that are free from material misstatement, whether due to fraud or error.
- 5. We believe that the effects of any unadjusted audit differences, summarised in the accompanying schedule, accumulated by you during the current audit and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole. We have not corrected these differences identified by and brought to the attention from the auditor in relation to the pension liability because of the lateness of the receipt of the information from the actuary, it's immateriality in the context of the overall pension scheme liability (1.9% of £30.747m) and the continued uncertainty around the impact of the associated legal rulings. It is expected that this item will flow through and inform the pension liability in the 2019/20 accounts.



Letter of Representation

B. Non-compliance with law and regulations, including fraud

- 1. We acknowledge that we are responsible to determine that the Council's activities are conducted in accordance with laws and regulations and that we are responsible to identify and address any non-compliance with applicable laws and regulations, including fraud.
- 2. We acknowledge that we are responsible for the design, implementation and maintenance of internal controls to prevent and detect fraud.
- 3. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- 4. We have no knowledge of any identified or suspected non-compliance with laws or regulations, including fraud that may have affected the Council (regardless of the source or form and including without limitation, any allegations by "whistleblowers"), including non-compliance matters:
 - involving financial statements;
 - related to laws and regulations that have a direct effect on the determination of material amounts and disclosures in the Council's financial statements;
 - related to laws and regulations that have an indirect effect on amounts and disclosures in the financial statements, but compliance with which may be fundamental to the operations of the Council's activities, its ability to continue to operate, or to avoid material penalties;
 - involving management, or employees who have significant roles in internal controls, or others; or
 - in relation to any allegations of fraud, suspected fraud or other non-compliance with laws and regulations communicated by employees, former employees, analysts, regulators or others.

C. Information Provided and Completeness of Information and Transactions

- 1. The Authority has provided as part of the audit with:
 - Access to all information that is relevant to the preparation of the financial statements such as records, documentation and other matters;
 - Additional information that has been requested for the purpose of the audit; and
 - Unrestricted access to persons within the Authority in order to obtain audit evidence.
- 2. All material transactions have been recorded in the accounting records and are reflected in the financial statements.
- 3. All minutes of the meetings of the Authority or (summaries of actions of recent meetings for which minutes have not yet been prepared) held through the 2018/19 financial year until the meeting held on 25 July 2019 have been made available.
- 4. The Authority confirms the completeness of information provided regarding the identification of related parties and have disclosed the identity of the Authority's related parties and all related party relationships and transactions of which it is 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.
- 5. The Authority believes that the significant assumptions used in making accounting estimates, including those measured at fair value, are reasonable.
- 6. The Authority as part of the audit has disclosed that it 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.



Letter of Representation

D. Liabilities and Contingencies

- 1. All liabilities and contingencies, including those associated with guarantees, whether written or oral, have been disclosed and are appropriately reflected in the financial statements.
- 2. We have informed you of all outstanding and possible litigation and claims, whether or not they have been discussed with legal counsel.
- 3. We have recorded and/or disclosed, as appropriate, all liabilities related litigation and claims, both actual and contingent, and have disclosed in Note [X] to the financial statements all guarantees that we have given to third parties.

E. Ownership of Assets

- 1. Except for assets capitalised under finance leases, the Authority has satisfactory title to all assets appearing in the balance sheet, and there are no liens or encumbrances on the Authority's assets, nor has any asset been pledged as collateral. All assets to which the Authority has satisfactory title appear in the balance sheet.
- 2. All agreements and options to buy back assets previously sold have been properly recorded and adequately disclosed in the financial statements.
- 3. We have no plans to abandon lines of product or other plans or intentions that will result in any excess or obsolete inventory, and no inventory is stated at an amount in excess of net realisable value.
- 4. There are no formal or informal compensating balance arrangements with any of our cash and investment accounts. Except as disclosed in Note [X] to the financial statements, we have no other line of credit arrangements.

F. Reserves

1. We have properly recorded and disclosed in the financial statements the useable and unusable reserves.

G. Contingent Liabilities

- 1. The Authority is unaware of any violations or possible violations of laws or regulations the effects of which should be considered for disclosure in the financial statements or as the basis of recording a contingent loss (other than those disclosed in the financial statements).
- The Authority is unaware of any known or probable instances of noncompliance with the requirements of regulatory or governmental authorities, including their financial reporting requirements, and there have been no communications from regulatory agencies or government representatives concerning investigations or allegations of non-compliance.

H. Estimates (Property, Plant and Equipment Assets and Pensions)

- The Authority believes that the measurement processes, including related assumptions and models, used to determine the accounting estimates have been consistently applied and are appropriate in the context of applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2018/19.
- 2. We confirm that the significant assumptions used in making these estimates appropriately reflect our intent and ability to continue to provide services on behalf of the entity.
- The Authority confirms that the disclosures made in the financial statements with respect to the accounting estimates are complete and made in accordance with applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2018/19.
- 4. The Authority confirms that no adjustments are required to the accounting estimates and disclosures in the financial statements due to subsequent events.



Letter of Representation

I. Use of the Work of a Specialist

1. The Authority agrees with the findings of the specialists that were engaged to evaluate the Property, Plant and Equipment Assets and Pension Fund liabilities and have adequately considered the qualifications of the specialists in determining the amounts and disclosures included in the financial statements and the underlying accounting records. The Authority did not give or cause any instructions to be given to the specialists with respect to the values or amounts derived in an attempt to bias their work and are not otherwise aware of any matters that have had an effect on the independence or objectivity of the specialists.

J. Retirement benefits

 The Authority is satisfied it has made appropriate enquiries on the basis of the process established that the actuarial assumptions underlying the scheme liabilities are consistent with its knowledge of the business. All significant retirement benefits and all settlements and curtailments have been identified and properly accounted for.

K. Subsequent Events

1. Other than disclosed in Note 20 of the financial statements, there have been no events subsequent to the period end which require adjustment of or disclosure in the financial statements or notes thereto.

L. Other information

- 1. The Authority acknowledges its responsibility for the preparation of the other information. The other information comprises the Narrative Report and the Annual Governance Statement.
- 2. The Authority confirms that the content contained within the other information is consistent with the financial statements.

Yours sincerely,

Strategic Director (Resources)

Chair of the Audit Committee

EY | Assurance | Tax | Transactions | Advisory

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EY is a global leader in assurance, tax, transaction and advisory services. The insights and quality services we deliver help build trust and confidence in the capital markets and in economies the world over. We develop outstanding leaders who team to deliver on our promises to all of our stakeholders. In so doing, we play a critical role in building a better working world for our people, for our clients and for our communities.

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