

# Audit Plan

Year end 31 March 2014

Winchester City Council

June 2014

Ernst & Young LLP



Building a better  
working world

Members  
Audit Committee  
Winchester City Council  
City Offices  
Colebrook Street  
Winchester  
Hampshire  
SO23 9LJ

18 June 2014

Dear Member,

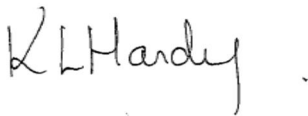
## **Audit Plan**

We are pleased to attach our Audit Plan which sets out how we intend to carry out our responsibilities as auditor. The purpose of this report is to provide the Audit Committee with a basis to review our proposed audit approach and scope for the 2013-14 audit, in accordance with the requirements of the Audit Commission Act 1998, the Code of Audit Practice, the Standing Guidance, auditing standards and other professional requirements, but also to ensure that our audit is aligned with the Committee's service expectations.

This report summarises our assessment of the key risks which drive the development of an effective audit for the Council, and outlines our planned audit strategy in response to those risks.

We welcome the opportunity to discuss this report with you on 26 June 2014 as well as understand whether there are other matters which you consider may influence our audit.

Yours faithfully



Kate Handy  
Audit Director  
For and behalf of Ernst & Young LLP  
Enc

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

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

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

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

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

# 1. Overview

## Context for the audit

This audit plan covers the work that we plan to perform in order to provide you with:

- ▶ our audit opinion on whether the financial statements of Winchester City Council give a true and fair view of the financial position as at 31 March 2014 and of the income and expenditure for the year then ended; and,
- ▶ a statutory conclusion on the Council's arrangements to secure economy, efficiency and effectiveness.

We will also review and report to the National Audit Office ('NAO'), to the extent and in the form required by them, on your Whole of Government Accounts return.

When planning the audit we take into account several key inputs:

- ▶ strategic, operational and financial risks relevant to the financial statements;
- ▶ developments in financial reporting and auditing standards;
- ▶ the quality of systems and processes;
- ▶ changes in the business and regulatory environment; and,
- ▶ management's views on all of the above.

By considering these inputs, our audit is focused on the areas that matter, and in doing so, our feedback is more likely to be relevant to the Council.

Our audit will also include the mandatory procedures that we are required to perform in accordance with applicable laws and auditing standards.

At this stage, we do not feel that the overall level of risk in relation to the audit of your financial statements or in relation to our Value for Money conclusion is significantly different from last year.

We have identified two significant risks in relation to our audit of your financial statements and a small number of other risks which relate to your VFM conclusion which are outlined in sections 2 and 3 of this Plan.

Our plans to address these audit risks are set out from page 4. We will update the Audit Committee on the results of our work in these areas in our 'Report to those charged with governance', scheduled for delivery in September 2014.

## **Our process and strategy**

### ▶ Financial Statement Audit

When considering the results of our audit work, we consider them in the context of their materiality to the statements as a whole. Our materiality figure is determined by reference to your gross revenue expenditure on services as we believe this is the measure that is most important to users of the financial statements themselves;

We have determined that we will take a wholly substantive approach for all areas of our audit, except for housing benefits and local council tax support where we will seek to rely on the controls in your systems. In completing this work, to the fullest extent permissible by auditing standards, we will seek to place reliance on the work of Internal Audit wherever possible. To this end we have a good working arrangement with Internal Audit and regularly discuss audit coverage and the issues arising from our respective audit work.

Our audit fee is based on the presumption that we will be able to place appropriate reliance on Internal Audit's own work to support your objectives.

### ▶ Arrangements for securing Economy, Efficiency and Effectiveness

We adopt an integrated audit approach such that our work on the financial statements audit feeds into our consideration of the arrangements in place for securing economy, efficiency and effectiveness.

Our work will focus on whether there are proper arrangements in place:

- ▶ for securing financial resilience at the Council; and,
- ▶ to secure economy, efficiency and effectiveness in the use of resources.

### ▶ Whole of Government Accounts

We undertake this work on behalf of the National Audit Office and in accordance with their instructions to component auditors.

## 2. Financial Statement Risks

We outline below our assessment of the key strategic or operational risks and the financial statement risks facing Winchester City Council that, in our view, are relevant to our planned audit work in respect of your Financial Statements.

At our meeting, we will seek to validate these with you.

Significant risks (including fraud risks)	Our audit approach
<p><b>Risk of management override</b></p> <p>As identified in ISA (UK &amp; Ireland) 240, management is in a unique position to perpetrate fraud because of their ability to directly or indirectly manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. We identify and respond to this fraud risk on every audit engagement.</p>	<p>Our approach will focus on:</p> <ul style="list-style-type: none"> <li>▶ Testing the appropriateness of journal entries recorded in the general ledger and other adjustments made in the preparation of the financial statements;</li> <li>▶ Reviewing accounting estimates for evidence of management bias; and</li> <li>▶ Evaluating the business rationale for significant unusual transactions.</li> </ul>
<p><b>Provision for Non Domestic Rates appeals</b></p> <p>On 1 April 2013, Central Government localised Non Domestic Rates (NDR) from the previous National Non Domestic Rates (NNDR) system.</p> <p>The previous NNDR system had been based on receipts and payments rather than accrual accounting.</p> <p>However, on transfer to the new NDR system full accrual accounting was introduced.</p> <p>One of the consequences of this is that as a billing authority you will now have to calculate a provision in respect of valuation appeals that have yet to be decided at the year end.</p>	<p>We will seek to understand how you propose to satisfy yourself on the reasonableness and consistency of estimation process for your NNDR appeals provision.</p>

### Respective responsibilities in relation to fraud and error

We would like to take this opportunity to remind you that management has the primary responsibility to prevent and detect fraud. It is important that management, with the oversight of those charged with governance, has put in place a culture of ethical behaviour and a strong control environment that both deters and prevents fraud.

Our responsibility is to plan and perform audits to obtain reasonable assurance about whether the financial statements as a whole are free of material misstatements whether caused by error or fraud. As auditors, we approach each engagement with a questioning mind that accepts the possibility that a material misstatement due to fraud could occur, and design the appropriate procedures to consider such risk.

Based on the requirements of auditing standards our approach will focus on:

- ▶ identifying fraud risks during the planning stages;
- ▶ inquiry of management about risks of fraud and the controls put in place to address those risks;

- ▶ understanding the oversight given by those charged with governance of management's processes over fraud;
- ▶ consideration of the effectiveness of management's controls designed to address the risk of fraud;
- ▶ determining an appropriate strategy to address those identified risks of fraud; and,
- ▶ performing mandatory procedures regardless of specifically identified fraud risks.

We will consider the results of the National Fraud Initiative and may make reference to it in our reporting to you.

### 3. Economy, Efficiency & Effectiveness

Our work will focus on:

1. whether the Council has proper arrangements in place to secure financial resilience; and
2. whether the Council has established proper arrangements to secure economy, efficiency and effectiveness in the use of resources.

The table below provides a high-level summary of our risk assessment and our proposed response to those risks.

Risks to our value for money conclusion	Relevant criteria	Our audit approach
<b>The financial outlook</b>		
<p>Alongside ongoing financial pressures set out in the public sector spending review, funding is increasingly likely to involve;</p> <ul style="list-style-type: none"> <li>▶ targeted funding aimed at specific outcomes; and</li> <li>▶ greater reliance on local resources, particularly those from business rates.</li> </ul>	Financial resilience	<p>We will consider your approach to preparing your medium term financial plans, and how you ensure that they appropriately account for known future changes.</p>
<p>This increases the potential for volatility in Council finances and the importance of robust medium term financial forecasting.</p>		
<b>Securing economy, efficiency and effectiveness</b>		
<p>We will update our understanding of your arrangements to secure economy, efficiency and effectiveness, through the:</p> <ul style="list-style-type: none"> <li>▶ LGA Peer review that was completed in 2013/14</li> <li>▶ Audit Commission's profile</li> <li>▶ progress with the Silver Hill development</li> </ul>	Economy, efficiency and effectiveness	<p>Our approach will be to focus on:</p> <ul style="list-style-type: none"> <li>▶ your response to the LGA peer review and progress with your action plan</li> <li>▶ obtaining the reasons behind service cost and performance variations highlighted by the Audit Commission's profile</li> <li>▶ reviewing the Council's arrangements for managing risks arising from the Silver Hill project; and how it is assessing the financial implications of the project.</li> </ul>



## 4. Our audit process and strategy

### 4.1 Objective and scope of our audit

Under the Audit Commission's Code of Audit Practice ('the Code'), dated March 2010, our principal objectives are to review and report on, to the extent required by the relevant legislation and the requirements of the Code, the Council's:

- i) financial statements; and
- ii) arrangements for securing economy, efficiency and effectiveness in its use of resources.

We issue a two-part audit report covering both of these objectives.

#### i) Financial Statement Audit

Our objective is to form an opinion on the financial statements under International Standards on Auditing (UK and Ireland).

We will also review and report to the National Audit Office ('NAO'), to the extent and in the form required by them, on your Whole of Government Accounts return

#### ii) Arrangements for securing economy, efficiency and effectiveness

The Code sets out our responsibility to satisfy ourselves that the Council has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources. In arriving at our conclusion, to the fullest extent possible we will place reliance on the reported results of the work of other statutory inspectorates in relation to corporate or service performance. In examining the Council's corporate performance management and financial management arrangements we have regard to the following criteria and areas of focus specified by the Audit Commission:

- ▶ arrangements for securing financial resilience – whether the Council has robust systems and processes to manage financial risks and opportunities effectively, and to secure a stable financial position that enables it to continue to operate for the foreseeable future; and
- ▶ arrangements for securing economy, efficiency and effectiveness – whether the Council is prioritising its resources within tighter budgets, for example by achieving cost reductions and by improving efficiency and productivity.

### 4.2 Audit process overview

#### Processes

We have identified the material income and expenditure systems that generate the material balances and disclosures in the Council's financial statements, and we are currently documenting and walking through these systems and controls to ensure our understanding of them is up to date.

Our initial assessment of the key processes across the entity has identified the following key processes where we will seek to test key controls:

- ▶ housing benefits and local council tax support. We are working closely with Internal Audit and are seeking to place maximum reliance on their work where possible.

We have also identified the following key processes that we will test substantively:

- accounts receivable
- accounts payable
- cash and bank (cash receipting and treasury management)
- payroll
- housing rents
- council tax
- business rates
- property, plant and equipment
- pensions
- financial statements close process

In developing this strategy, and the proposed audit fee, we have assumed that the Council will have implemented a control framework sufficient to mitigate the risks of material misstatements.

### **Analytics**

We will use our computer-based analytics tools to enable us to capture whole populations of your financial data, in particular in respect of general ledger and journal entries.

These tools:

- help identify specific exceptions and anomalies which can then be subject to more traditional substantive audit tests; and
- give greater likelihood of identifying errors than random sampling techniques.

We will report any significant weaknesses or inefficiencies identified and recommendations for improvement, to management and the Audit Committee.

### **Internal audit**

As in prior years, we will review internal audit plans and the results of work undertaken. We will reflect the findings from these reports, together with reports from other work completed in the year, in our detailed audit plan, where issues are raised that could impact the year-end financial statements.

Our audit fee assumes that we will be able to place the maximum reliance on the work of Internal Audit within the boundaries specified by the Audit Commission and auditing standards.

### **Use of experts**

We will utilise specialist Ernst & Young resource, as necessary, to help us to form a view on judgments made in the financial statements. At present, we expect to use specialists to support our work in relation to IAS19 pension figures and property valuations.

### **Mandatory procedures required by auditing standards**

In addition to the key areas of emphasis outlined in sections two and three, we have to perform other procedures as required by auditing, ethical and independence standards, the Code and other regulations. We outline below the procedures we will undertake during the course of our audit:

- ▶ addressing the risk of fraud and error;
- ▶ significant disclosures included in the financial statements;
- ▶ entity-wide controls;
- ▶ auditor independence;
- ▶ reviewing, and reporting on as appropriate, other information published with the financial statements, including the Annual Governance Statement;
- ▶ reviewing and reporting on the Whole of Government accounts return, in line with the instructions issued by the NAO; and
- ▶ reviewing, and where appropriate, examining evidence that is relevant to the Council's corporate performance management and financial management arrangements and reporting on these arrangements.

### **4.3 Materiality**

For the purposes of determining whether the accounts are free from material error, we define materiality as the magnitude of an omission or misstatement that, individually or in the aggregate, in light of the surrounding circumstances, could reasonably be expected to influence the users of the financial statements. Our evaluation of it requires professional judgement and necessarily takes into account qualitative as well as quantitative considerations implicit in the definition. We have determined that overall materiality for the Council's financial statements is £1.8m based on 2% of the Council's gross revenue expenditure.

We will communicate uncorrected audit misstatements greater than £0.09m to you.

The amount we consider material at the end of the audit may differ from our initial determination. At this stage, however, it is not feasible to anticipate all of the circumstances that may ultimately influence our judgement about materiality. At the end of the audit we will form our final opinion by reference to all matters that could be significant to users of the accounts, including the total effect of the audit misstatements we identify, and our evaluation of materiality at that date.

### **4.4 Fees**

The Audit Commission has published a scale fee for all authorities. The scale fee is defined as the fee required by auditors to meet statutory responsibilities under the Audit Commission Act in accordance with the Code of Audit Practice 2010. The indicative fee scale for the audit of the Council is £74,214.

### **4.5 Your audit team**

The engagement team is led by Kate Handy (Director), who has significant local government experience. Kate is supported by Mike Bowers and Sara Rowntree. Mike is responsible for the day-to-day direction of audit work and is the key point of contact for the Chief Financial Officer. Sara will lead the team delivering the detailed audit work.

## 4.6 Timetable of communication, deliverables and insights

We have set out below a timetable showing the key stages of the audit, including the value for money work and the whole of government accounts; and the deliverables we have agreed to provide to you through the Audit Committee cycle in 2014. These dates are determined to ensure our alignment with the Audit Commission’s rolling calendar of deadlines.

From time to time matters may arise that require immediate communication with the Audit Committee and we will discuss them with the Chair as appropriate.

Following the conclusion of our audit we will prepare an annual audit letter in order to communicate to Members of the Council and external stakeholders, including members of the public, the key issues arising from our work.

Audit phase	Timetable	Committee timetable	Deliverables
High level planning:	<b>March 2013 and January 2014</b>	March 2013	Audit Fee letter
Risk assessment	<b>March 2014</b>	26 June 2014	Audit Plan
Testing of routine processes and controls	<b>March – April 2014</b>	26 June 2014	Audit Plan
Year-end audit	<b>August – September 2014</b>		
Completion of audit		25 September 2014	Report to those charged with governance  Audit report (including our opinion on the financial statements and a conclusion as to whether the Council has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources).  WGA reporting to NAO  Audit completion certificate
	<b>October 2014</b>		Annual Audit Letter

In addition to the above formal reporting and deliverables we will seek to provide practical business insights and updates on regulatory matters.

## 5. Independence

### 5.1 Introduction

The APB Ethical Standards and ISA (UK and Ireland) 260 “Communication of audit matters with those charged with governance”, requires us to communicate with you on a timely basis on all significant facts and matters that bear upon our independence and objectivity. The Ethical Standards, as revised in December 2010, require that we communicate formally both at the planning stage and at the conclusion of the audit, as well as during the course of the audit if appropriate. The aim of these communications is to ensure full and fair disclosure by us to those charged with your governance on matters in which you have an interest.

Required communications	
Planning stage	Final stage
<ul style="list-style-type: none"> <li>▶ The principal threats, if any, to objectivity and independence identified by Ernst &amp; Young (EY) including consideration of all relationships between you, your affiliates and directors and us;</li> <li>▶ The safeguards adopted and the reasons why they are considered to be effective, including any Engagement Quality review;</li> <li>▶ The overall assessment of threats and safeguards;</li> <li>▶ Information about the general policies and process within EY to maintain objectivity and independence.</li> </ul>	<ul style="list-style-type: none"> <li>▶ A written disclosure of relationships (including the provision of non-audit services) that bear on our objectivity and independence, the threats to our independence that these create, any safeguards that we have put in place and why they address such threats, together with any other information necessary to enable our objectivity and independence to be assessed;</li> <li>▶ Details of non-audit services provided and the fees charged in relation thereto;</li> <li>▶ Written confirmation that we are independent;</li> <li>▶ Details of any inconsistencies between APB Ethical Standards, the Audit Commission’s Standing Guidance and your policy for the supply of non-audit services by EY and any apparent breach of that policy; and</li> <li>▶ An opportunity to discuss auditor independence issues.</li> </ul>

In addition, during the course of the audit, we are required to communicate with you whenever any significant judgements are made about threats to objectivity and independence and the appropriateness of safeguards put in place, for example, when accepting an engagement to provide non-audit services.

We also provide information on any contingent fee arrangements, the amounts of any future services that have been contracted, and details of any written proposal to provide non-audit services that has been submitted.

We ensure that the total amount of fees that EY and our network firms have charged to you and your affiliates for the provision of services during the reporting period, analysed in appropriate categories, are disclosed.

## 5.2 Relationships, services and related threats and safeguards

We highlight the following significant facts and matters that may be reasonably considered to bear upon our objectivity and independence, including the principal threats, if any. However we have adopted the safeguards noted below to mitigate these threats along with the reasons why they are considered to be effective.

### ***Self interest threats***

A self interest threat arises when EY has financial or other interests in your entity. Examples include where we have an investment in your entity; where we receive significant fees in respect of non-audit services; where we need to recover long outstanding fees; or where we enter into a business relationship with you. At the time of writing, there are no long outstanding fees.

We believe that it is appropriate for us to undertake permissible non-audit services and we will comply with the policies that you have approved and that are in compliance with the Audit Commission's Standing Guidance.

A self interest threat may also arise if members of our audit engagement team have objectives or are rewarded in relation to sales of non-audit services to you. We confirm that no member of our audit engagement team, including those from other service lines, has objectives or is rewarded in relation to sales to you, in compliance with Ethical Standard 4.

There are no other self interest threats at the date of this report.

### ***Self review threats***

Self review threats arise when the results of a non-audit service performed by EY or others within the EY network are reflected in the amounts included or disclosed in the financial statements.

We are aware that EY Partners/Employees have been appointed as the administrator(s) for Municipal Mutual Insurance Ltd and the Heritable Bank PLC. We confirm that no member of our audit engagement team has been involved in the administration of either Municipal Mutual Insurance Ltd or the Heritable Bank PLC. There are no self review threats at the date of this report.

### ***Management threats***

Partners and employees of EY are prohibited from taking decisions on behalf of management of your entity. Management threats may also arise during the provision of a non-audit service in relation to which management is required to make judgements or decision based on that work.

There are no management threats at the date of this report.

### ***Other threats***

Other threats, such as advocacy, familiarity or intimidation, may arise.

There are no other threats at the date of this report.

### ***Overall Assessment***

Overall, we consider that the safeguards that have been adopted appropriately mitigate the principal threats identified and we therefore confirm that EY is independent and the objectivity and independence of Kate Handy and the engagement team have not been compromised.

### **5.3 Other required communications**

Ernst & Young (EY) has policies and procedures that instil professional values as part of firm culture and ensure that the highest standards of objectivity, independence and integrity are maintained.

Details of the key policies and processes in place within EY for maintaining objectivity and independence can be found in our annual Transparency Report which the firm is required to publish by law. The most recent version of this Report is for the year ended 28 June 2013 and can be found here:

<http://www.ey.com/UK/en/About-us/EY-UK-Transparency-Report-2013>

## Appendix A Fees

A breakdown of our agreed fee is shown below.

	Planned Fee 2013-14 £'000	Actual Fee 2012-13 £'000	Explanation of variance
<b>Total Audit Fee – Code work</b>	<b>74,214</b>	<b>74,214</b>	
Certification of claims and returns*	15,284	14,400	
Non-audit work	nil	nil	

The agreed fee presented above is based on the following assumptions:

- ▶ officers meet the agreed timetable of deliverables;
- ▶ we are able to place reliance, as planned, on the work of Internal Audit;
- ▶ the level of risk in relation to the audit of the financial statements is consistent with that in the prior year;
- ▶ no significant changes being made by the Audit Commission to the use of resources criteria on which our conclusion will be based;
- ▶ our financial statements opinion and use of resources conclusion being unqualified;
- ▶ appropriate quality of documentation is provided by the audited body; and,
- ▶ an effective control environment.

If any of the above assumptions prove to be unfounded, we will seek a variation to the agreed fee. This will be discussed with you in advance.

Fees for the auditor's consideration of correspondence from the public and formal objections will be charged in addition to the scale fee.

Our fee for the certification of grant claims is based on the indicative scale fee set by the Audit Commission.



## Appendix B UK required communications with those charged with governance.

There are certain communications that we must provide to the audit committee of audited clients. These are detailed here:

Required communication	Reference
<p><b>Planning and audit approach</b></p> <p>Communication of the planned scope and timing of the audit including any limitations.</p>	<p>Audit Plan Audit Committee (AC) 26 June 2014</p>
<p><b>Significant findings from the audit</b></p> <ul style="list-style-type: none"> <li>▶ Our view about the significant qualitative aspects of accounting practices including accounting policies, accounting estimates and financial statement disclosures</li> <li>▶ Significant difficulties, if any, encountered during the audit</li> <li>▶ Significant matters, if any, arising from the audit that were discussed with management</li> <li>▶ Written representations that we are seeking</li> <li>▶ Expected modifications to the audit report</li> <li>▶ Other matters if any, significant to the oversight of the financial reporting process</li> </ul>	<p>Report to those charged with governance AC 25 September 2014</p> <p>Annual Audit Letter AC TBA</p>
<p><b>Misstatements</b></p> <ul style="list-style-type: none"> <li>▶ Uncorrected misstatements and their effect on our audit opinion</li> <li>▶ The effect of uncorrected misstatements related to prior periods</li> <li>▶ A request that any uncorrected misstatement be corrected</li> <li>▶ In writing, corrected misstatements that are significant</li> </ul>	<p>Report to those charged with governance AC 25 September 2014</p>
<p><b>Fraud</b></p> <ul style="list-style-type: none"> <li>▶ Enquiries of the audit committee to determine whether they have knowledge of any actual, suspected or alleged fraud affecting the entity</li> <li>▶ Any fraud that we have identified or information we have obtained that indicates that a fraud may exist</li> <li>▶ A discussion of any other matters related to fraud</li> </ul>	<p>Report to those charged with governance AC 25 September 2014</p>
<p><b>Related parties</b></p> <p>Significant matters arising during the audit in connection with the entity's related parties including, when applicable:</p> <ul style="list-style-type: none"> <li>▶ Non-disclosure by management</li> <li>▶ Inappropriate authorisation and approval of transactions</li> <li>▶ Disagreement over disclosures</li> <li>▶ Non-compliance with laws and regulations</li> <li>▶ Difficulty in identifying the party that ultimately controls the entity</li> </ul>	<p>Report to those charged with governance AC 25 September 2014</p>
<p><b>External confirmations</b></p> <ul style="list-style-type: none"> <li>▶ Management's refusal for us to request confirmations</li> <li>▶ Inability to obtain relevant and reliable audit evidence from other procedures</li> </ul>	<p>Report to those charged with governance AC 25 September 2014</p>

Required communication	Reference
<p><b>Consideration of laws and regulations</b></p> <ul style="list-style-type: none"> <li>▶ Audit findings regarding non-compliance where the non-compliance is material and believed to be intentional. This communication is subject to compliance with legislation on tipping off</li> <li>▶ Enquiry of the 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</li> </ul>	<p>Report to those charged with governance AC 25 September 2014</p>
<p><b>Independence</b></p> <p>Communication of all significant facts and matters that bear on Ernst &amp; Young's objectivity and independence</p> <p>Communication of key elements of the audit engagement partner's consideration of independence and objectivity such as:</p> <ul style="list-style-type: none"> <li>▶ The principal threats</li> <li>▶ Safeguards adopted and their effectiveness</li> <li>▶ An overall assessment of threats and safeguards</li> <li>▶ Information about the general policies and process within the firm to maintain objectivity and independence</li> </ul>	<p>Audit Plan AC 26 June 2014</p> <p>Report to those charged with governance AC 25 September 2014</p>
<p><b>Going concern</b></p> <p>Events or conditions identified that may cast significant doubt on the entity's ability to continue as a going concern, including:</p> <ul style="list-style-type: none"> <li>▶ Whether the events or conditions constitute a material uncertainty</li> <li>▶ Whether the use of the going concern assumption is appropriate in the preparation and presentation of the financial statements</li> <li>▶ The adequacy of related disclosures in the financial statements</li> </ul>	<p>Report to those charged with governance AC 25 September 2014</p>
<p>Significant deficiencies in internal controls identified during the audit</p>	<p>Report to those charged with governance AC 25 September 2014</p>
<p><b>Certification work</b></p> <ul style="list-style-type: none"> <li>▶ Summary of certification work undertaken</li> </ul>	<p>Annual Report to those charged with governance summarising grant certification AC TBA</p>
<p><b>Fee Information</b></p> <ul style="list-style-type: none"> <li>▶ Breakdown of fee information at the agreement of the initial audit plan</li> <li>▶ Breakdown of fee information at the completion of the audit</li> </ul>	<p>Audit Plan AC 26 June 2014</p> <p>Report to those charged with governance AC 25 September 2014</p>

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