

The Audit Findings For Rother District Council

Year ended 31 March 2019

July 2019



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The contents of this report relate only to those matters which came to our attention during the conduct of our normal audit procedures which are designed for the purpose of expressing our opinion on the financial statements. Our audit is not designed to test all internal controls or identify all areas of control weakness. However, where, as part of our testing, we identify control weaknesses, we will report these to you. In consequence, our work cannot be relied upon to disclose all defalcations or other irregularities, or to include all possible improvements in internal control that a more extensive special examination might identify. This report has been prepared solely for your benefit and should not be quoted in whole or in part without our prior written consent. We do not accept any responsibility for any loss occasioned to any third party acting, or refraining from acting on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.

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Headlines

This table summarises the key findings and other matters arising from the statutory audit of Rother District Council ('the Council') and the preparation of the Council's financial statements for the year ended 31 March 2019 for those charged with governance.

Financial Statements

Under International Standards of Audit (UK) (ISAs) and the National Audit Office (NAO) Code of Audit Practice ('the Code'), we are required to report whether, in our opinion, the Council's financial statements:

- give a true and fair view of the financial position of the Council and the Council's income and expenditure for the year; and
- have been properly prepared in accordance with the CIPFA/LASAAC code of practice on local authority accounting and prepared in accordance with the Local Audit and Accountability Act 2014.

We are also required to report whether other information published together with the audited financial statements (including the Annual Governance Statement (AGS) and Narrative Report) is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Our audit is substantially complete although we are finalising our procedures in the following areas;

- completing our work on income testing and payroll analytical review
- final review and quality control procedures;
- obtaining and reviewing the management letter of representation;
- reviewing a final version of the financial statements and Narrative Report; and
- updating our post balance sheet events review to the date of signing our opinion.

In December 2018 the Court of Appeal ruled that provisions in some public sector pension schemes were discriminatory on the basis of age, the so-called "McCloud" judgement. The ruling had implications for other pension schemes, including the Local Government Pension Scheme (LGPS). At the time of preparing your draft accounts a legal challenge by the government against this ruling was in progress. On 27 June 2019 the Supreme Court refused the government permission to appeal against the judgement. Following the conclusion of the legal process this judgment is likely to give rise to additional pension scheme liabilities for the Council. Your actuary has estimated that the impact of the ruling is to increase the Council's overall pension liabilities at 31.3.19 by £387,000. Your draft accounts included a contingent liability pending the outcome of the appeal process. The accounts have now been amended to include the estimated liabilities. Further details are included at Appendix B.

The draft accounts incorporated an initial estimate of the Council's assets and liabilities under the Local Government Pension Scheme as provided by your actuary. A final valuation was provided by the actuary on 28 June 2019. Scheme liabilities remained unchanged other than for the impact of the McCloud judgement as noted above. However, the final valuation showed a reduction of £2,750,000 in the value of scheme assets. The accounts have been amended to reflect the updated figures. Further details are included at Appendix B.

Subject to the completion of outstanding work, we anticipate issuing an unqualified audit opinion.

We concluded that the other information to be published with the financial statements is consistent with our knowledge of your organisation and the financial statements we have audited.

Our report for 2018/19 does not include any recommendations for management.

The standard of your draft financial statements was high. Our work identified only a small number of issues. The working papers produced by the finance team to support the accounts were also of a high standard.

Headlines

Value for Money arrangements

Under the National Audit Office (NAO) Code of Audit Practice ('the Code'), we are required to report if, in our opinion, the Council has made proper arrangements to secure economy, efficiency and effectiveness in its use of resources ('the value for money (VFM) conclusion').

Our work to review the Council's value for money arrangements is still in progress. We will report the outcomes from our work to the September Audit and Standards Committee.

Statutory duties

The Local Audit and Accountability Act 2014 ('the Act') also requires us to:

- report to you if we have applied any of the additional powers and duties ascribed to us under the Act; and
- to certify the closure of the audit.

We have not exercised any of our additional statutory powers or duties.

We have completed the majority of work under the Code. We will certify completion of the audit when we have given our audit opinion and completed our review of your value for money arrangements.

Acknowledgements

We would like to take this opportunity to record our appreciation for the assistance provided by the finance team and other staff during our audit.

Summary

Overview of the scope of our audit

This Audit Findings Report presents the observations arising from the audit that are significant to the responsibility of those charged with governance to oversee the financial reporting process, as required by International Standard on Auditing (UK) 260 and the Code of Audit Practice ('the Code'). Its contents have been discussed with management.

As auditor we are responsible for performing the audit, in accordance with International Standards on Auditing (UK) and the Code, which is directed towards forming and expressing an opinion on the financial statements that have been prepared by management with the oversight of those charged with governance. The audit of the financial statements does not relieve management or those charged with governance of their responsibilities for the preparation of the financial statements.

Audit approach

Our audit approach was based on a thorough understanding of the Council's business and is risk based. In particular it included:

- An evaluation of the Council's control environment, including its IT systems and controls; and
- Substantive testing on significant transactions and material account balances, including the procedures outlined in this report in relation to the key audit risks

We have not had to alter or change our audit plan as communicated to you in March 2019.

Conclusion

We have substantially completed our audit of your financial statements. Subject to the completion of outstanding work we anticipate issuing an unqualified audit opinion.

Our approach to materiality

The concept of materiality is fundamental to the preparation of the financial statements and the audit process and applies not only to the monetary misstatements but also to disclosure requirements and adherence to acceptable accounting practice and applicable law.

In our audit plan we determined overall materiality to be £916,000 (being 2% of gross revenue expenditure). We updated our materiality to take account of the values in your draft accounts as detailed in the table below

	Council Amount (£)	Qualitative factors considered
Materiality for the financial statements	874,000	This has been calculated based upon 2% of your gross expenditure (Cost of Services) in the draft accounts.
Performance materiality	611,000	This has been calculated as 75% of materiality for the financial statements, based upon our assessment of the likelihood of a material misstatement. Performance materiality is used in audit testing and helps address the risk that there may be multiple errors which are individually below materiality but aggregate to a material amount.
Trivial matters	43,000	This has been calculated based upon 5% of your headline materiality.

Significant findings – audit risks

Risks identified in our Audit Plan

1

Improper revenue recognition

We have considered the rebuttable presumed risk under ISA (UK) 240 that revenue may be misstated due to the improper recognition of revenue.

We have rebutted this presumed risk for revenue streams that are derived from Council Tax, Business Rates and Grants on the basis that they are income streams primarily derived from grants or formula based income from central government and tax payers and that opportunities to manipulate the recognition of these income streams is very limited.

We have not deemed it appropriate to rebut this presumed risk for fees, charges and other service income as we do not have cumulative audit testing knowledge of these revenues being your new auditor, and the adoption of IFRS15 Revenue from Contracts with Customers could materially affect recognition of this income.

We therefore identified the occurrence and accuracy of these income streams and the existence of associated receivable balances as a significant risk of material misstatement.

2

Management override of controls

Under ISA (UK) 240 there is a non-rebuttable presumed risk that the risk of management over-ride of controls is present in all entities.

We therefore identified management override of control, in particular journals, management estimates and transactions outside the course of business as a significant risk.

Commentary

Auditor commentary

For all material income streams where we have not rebutted the presumed risk of revenue recognition we have:

- evaluated your accounting policy for recognition of income for appropriateness
- obtained an understanding of your system for accounting for income and evaluated the design of the associated controls;
- reviewed and sample tested income to supporting evidence;
- evaluated the significant estimates and the judgments made by management, including those around the adoption of the new IFRS15.

Subject to the completion of outstanding work we have not identified any issues in respect of revenue recognition.

Auditor commentary

Our audit work included;

- gaining an understanding of the accounting estimates, judgements applied and decisions made by management, and considering their reasonableness
- obtaining a full listing of journal entries and testing any unusual journal entries for appropriateness
- evaluating the rationale for any changes in accounting policies or significant unusual transactions.

Our audit work has not identified any issues in respect of management override of controls.

Significant findings – audit risks

Risks identified in our Audit Plan

Commentary

3

Valuation of land and buildings

The Council regularly revalues its land and buildings to ensure that carrying value is not materially different from current value. Investment properties are revalued annually at fair value. These valuations represent a significant estimate by management in the financial statements.

Auditor commentary

Our audit work included;

- reviewing management's processes and assumptions for the calculation of the estimate, the instructions issued to the Council's external valuer and the scope of their work
- considering the competence, expertise and objectivity of the external valuer as management's expert
- testing that revaluations made during the year were input correctly into the Council's asset register
- evaluating the assumptions made by management for those property, plant and equipment assets not revalued during the year and how management satisfied themselves that these are not materially different to current value.

Our audit work did not identify any issues in respect of the valuation of land and buildings.

4

Valuation of pension fund net liability

The valuation of the Council's net pension liability as reflected in its balance sheet represents a significant estimate in the financial statements.

Auditor commentary

Our audit work included;

- identifying the controls put in place by management to ensure that the pension fund liability is not materially misstated.
- assessing the competence, capabilities and objectivity of the actuary who carried out your pension fund valuation.
- assessing the accuracy and completeness of the information provided to the actuary
- undertaking procedures to confirm the reasonableness of the actuarial assumptions made
- checking the consistency of the pension fund asset and liability disclosures in the notes to the financial statements with the actuarial report from your actuary.

We set out our view of the above audit work on page 8.

In December 2018 the Court of Appeal ruled that transitional protections in some public sector pension schemes were discriminatory on the basis of age, the so-called "McCloud" judgement. The ruling had implications for other pension schemes, including the Local Government Pension Scheme (LGPS). At the time of preparing your draft accounts a legal challenge by the government against this ruling was in progress. On 27 June 2019 the Supreme Court refused the government permission to appeal against the judgement.

Following the conclusion of the legal process this judgment is likely to give rise to additional pension scheme liabilities for the Council. Your actuary has estimated that the impact of the ruling is to increase the Council's overall pension liabilities at 31.3.19 by £387,000. Your draft accounts included a contingent liability pending the outcome of the appeal process. The accounts have now been amended to include the estimated liabilities. Further details are included at Appendix B.

Audit findings – other risks

Risks identified in our Audit Plan

5

Migration of ERP system

During the 2018-19 accounting year management have undertaken a data migration from the previous Agresso enterprise resource planning (ERP) system to the new system Unit 4 Business World On ERP system.

The migration took place at the beginning of April 2018. We regarded this as a risk of material misstatement in the accounts as our experience of these types of system migrations has shown that the risk of error in data migration, either via system incompatibilities or via human error is high

Commentary

Auditor commentary

We have:

- documented our understanding of and walkthrough the process for the system migration;
- reconciled the opening trial balance report from Agresso ERP to the opening balance on Unit 4 Business World On ERP and to the signed accounts to demonstrate the brought forward transactions and balances were equivalent and the same as the audited prior year closing position indicating the correct opening balances;
- carried out testing to gain comfort over the correct transfer of historic data.

On completion of this work we were satisfied that the system migration had not resulted in misstatement of the accounts.

Significant findings – key judgements and estimates

Summary of management's policy	Audit Comments	Assessment	
Net pension liability – £57.4m	<p>The Council's net pension liability at 31 March 2019 is £25,348,000 (PY £21,669,000). The Council is a member of the LGPS as operated through the East Sussex Pension Fund. The Council uses Hymans Robertson LLP to provide actuarial valuations of the Council's assets and liabilities under the scheme. A full actuarial valuation is required every three years. The latest full actuarial valuation was completed in 2016. A roll forward approach is used in intervening periods, which utilises key assumptions such as life expectancy, discount rates, salary growth and investment returns. Given the significant value of the net pension fund liability, small changes in assumptions can result in significant valuation movements. There has been a £3,679,000 net actuarial loss during 2018/19.</p>	<ul style="list-style-type: none"> We assessed your actuary, Hymans Robertson LLP, to be competent, capable and objective. We have used the work and report of a consulting actuary (as an auditor's expert) to consider whether your actuary's method of calculating the estimate, including the roll forward approach, is reasonable. We carried out analytical procedures to conclude on whether the Council's share of the LGPS pension assets and liabilities was reasonable. We concluded that the information used by the actuary was complete and accurate. The auditors' expert has assessed the assumptions made by your actuary and identified indicative ranges for assumptions. There were no issues arising. 	
Assumption	Actuary value used for Rother DC	Expected range per the auditor's expert	Assessment
Discount rate	2.4%	2.4-2.5%	●
Pension increase rate	2.5%	2.4-2.5%	●
Salary growth	3.4%	3.4-3.5%	●
Life expectancy – Males currently aged 45	22.1	21.5-22.8	●
aged 65	23.8	23.7-24.4	●
Life expectancy – Females currently aged 45	24.4	24.1-25.1	●
Aged 65	26.3	26.2-26.9	●
<ul style="list-style-type: none"> We concluded that there was appropriate disclosure of the estimate in the financial statements. 			

Assessment

- We disagree with the estimation process or judgements that underpin the estimate and consider the estimate to be potentially materially misstated
- We consider the estimate is unlikely to be materially misstated however management's estimation process contains assumptions we consider optimistic
- We consider the estimate is unlikely to be materially misstated however management's estimation process contains assumptions we consider cautious
- We consider management's process is appropriate and key assumptions are neither optimistic or cautious

Going concern

Our responsibility

As auditors, we are required to “obtain sufficient appropriate audit evidence about the appropriateness of management’s use of the going concern assumption in the preparation and presentation of the financial statements and to conclude whether there is a material uncertainty about the entity’s ability to continue as a going concern” (ISA (UK) 570). Public sector bodies are assumed to be going concerns where the continued provision of a service in the future is anticipated.

Going concern commentary

Management’s assessment process

Management’s assessment process is based on your financial planning framework. You have a detailed five year Medium Term Financial Strategy (MTFS).

Auditor commentary

- you have a history of delivering services within budget
- you have a comprehensive medium term planning framework. The MTFS is updated annually and integrated with your annual budget processes
- management has concluded that it is appropriate to use the going concern basis of accounting.

Work performed

Detailed audit work performed on management’s assessment

Auditor commentary

- you have delivered a general fund revenue budget surplus of £631,000 for 2018/19
- you have set a balanced budget for 2019/20
- you had total usable (cash-backed) reserves of £22,137,000 at 31.3.19.

Concluding comments

Auditor commentary

- we concluded that management’s continued use of the going concern concept to prepare the financial statements remains appropriate. We did not identify any material uncertainty about your ability to continue as a going concern

Other communication requirements

We set out below details of other matters which we, as auditors, are required by auditing standards and the Code to communicate to those charged with governance.

Issue	Commentary
① Matters in relation to fraud	<ul style="list-style-type: none"> We have not been made aware of any significant incidents in the period and no other issues have been identified during the course of our audit procedures.
② Matters in relation to related parties	<ul style="list-style-type: none"> We are not aware of any related parties or related party transactions which have not been disclosed.
③ Matters in relation to laws and regulations	<ul style="list-style-type: none"> You have not made us aware of any significant incidences of non-compliance with relevant laws and regulations. We have not identified any other incidences of non-compliance with relevant laws and regulations from our audit work.
④ Written representations	<ul style="list-style-type: none"> A standard letter of representation has been requested from you.
⑤ Confirmation requests from third parties	<ul style="list-style-type: none"> We seek external confirmations from the relevant banks and financial institutions to support our review of your cash and investment balances. We received positive confirmation for all balances. There are no issues to report to you.
⑥ Disclosures	<ul style="list-style-type: none"> Our review found no material omissions in the financial statements.
⑦ Audit evidence and explanations/significant difficulties	<ul style="list-style-type: none"> All information requested from management was provided. We did not encounter any significant difficulties during our audit.

Other responsibilities under the Code

We set out below details of other matters which we, as auditors, are required by the Code to communicate to those charged with governance.

Issue	Commentary
① Other information	<ul style="list-style-type: none"> We are required to give an opinion on whether the other information published together with the audited financial statements (including the Annual Governance Statement (AGS) and Narrative Report), is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. We did not identify any inconsistencies.
② Matters on which we report by exception	<p>We are required to report on matters by exception in a number of areas:</p> <ul style="list-style-type: none"> If the Annual Governance Statement does not meet the disclosure requirements set out in the CIPFA/SOLACE guidance or is misleading or inconsistent with the other information of which we are aware from our audit If we have applied any of our statutory powers or duties <p>We have nothing to report on these matters.</p>
③ Specified procedures for Whole of Government Accounts	<ul style="list-style-type: none"> We are required to carry out specified procedures (on behalf of the NAO) on the Whole of Government Accounts (WGA) consolidation pack under WGA group audit instructions. Detailed work is not required as the Council does not exceed the threshold specified by NAO.
④ Certification of the closure of the audit	<ul style="list-style-type: none"> We have completed the majority of work under the Code. We will certify completion of the audit when we have given our audit opinion and completed our review of your value for money arrangements.

Independence and ethics

Independence and ethics

We confirm that there are no significant facts or matters that impact on our independence as auditors that we are required or wish to draw to your attention. We have complied with the Financial Reporting Council's Ethical Standard and confirm that we, as a firm, and each covered person, are independent and are able to express an objective opinion on the financial statements

We confirm that we have implemented policies and procedures to meet the requirements of the Financial Reporting Council's Ethical Standard and we as a firm, and each covered person, confirm that we are independent and are able to express an objective opinion on the financial statements.

Further, we have complied with the requirements of the National Audit Office's Auditor Guidance Note 01 issued in December 2017 which sets out supplementary guidance on ethical requirements for auditors of local public bodies.

Details of fees charged are detailed in Appendix C

Audit and Non-audit services

For the purposes of our audit we have made enquiries of all Grant Thornton UK LLP teams providing services to the Authority. The following non-audit services were identified.

Service	£	Threats	Safeguards
Audit related			
Certification of Housing Benefit Subsidy claim (from 2018/19)	9,000	Self-Interest (because this is a recurring fee from 2018/19).	The level of this recurring fee taken on its own is not considered a significant threat to independence as the fee for this work is £10,000 in comparison to the total fee for the audit of £46,769 and in particular relative to Grant Thornton UK LLP's turnover overall. Further, it is a fixed fee and there is no contingent element to it. These factors all mitigate the perceived self-interest threat to an acceptable level.
Non-audit related			
None			

These services are consistent with the Council's policy on the allotment of non-audit work to your auditors. None of the services provided are subject to contingent fees.

Audit Adjustments

We are required to report all non trivial misstatements to those charged with governance, whether or not the accounts have been adjusted by management.

Impact of adjusted misstatements

All adjusted misstatements are set out in detail below along with the impact on the key statements and the reported net expenditure for the year ending 31 March 2019.

Detail	Comprehensive Income and Expenditure Statement	Statement of Financial Position	Impact on total net expenditure
	£000	£000	£000
<p>1 Pension assets and liabilities adjusted to reflect final figures provided by the Council's actuaries. These figures include the additional liabilities arising from the McCloud judgement.</p> <p>Various amendments to the accounts. Increase in the Net Defined Pension Liability of £3,137,000.</p>			
Overall impact	0	0	0

Impact of unadjusted misstatements

There were no unadjusted misstatements which we need to report to you.

Audit Adjustments

Misclassification and disclosure changes

The table below provides details of misclassification and disclosure changes identified during the audit which have been made in the final set of financial statements.

Adjustment type	Detail	Auditor recommendations	Adjusted?
Disclosure	Note 10	<ul style="list-style-type: none">Agreed that note provided limited additional information and could be removed	✓
Disclosure	Note 21	<ul style="list-style-type: none">Disclosure amended to more clearly show how closing balances at 31.3.18 had been identified to new classification categories under IFRS9 at 1.4.18.	✓
Disclosure		<ul style="list-style-type: none">Various other minor amendments to the amounts or narrative at disclosure notes.	✓

Fees

We confirm below our final fees charged for the audit. There were no fees for the provision of non audit services.

Audit Fees

	Proposed fee	Final fee
Council Audit	37,059	TBC
Total audit fees (excluding VAT)	37,059	TBC

The fees reconcile to the financial statements:

£000

37 Council audit fee

9 2018/19 housing benefit subsidy certification fee

46 Total fee per financial statements (Note 50)

Audit opinion

We anticipate we will provide the Council with an unmodified audit report.

Independent auditor's report to the members of Rother District Council

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Rother District Council (the 'Authority') for the year ended 31 March 2019 which comprise the Comprehensive Income and Expenditure Statement, the Movement in Reserves Statement, the Balance Sheet, the Cash Flow Statement, the Collection Fund Statement and notes to the financial statements, including a summary of significant accounting policies. 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 the Authority as at 31 March 2019 and of its expenditure and income for the year then ended;
- have been prepared properly in accordance with the CIPFA/LASAAC code of practice on local authority accounting in the United Kingdom 2018/19; and
- have been prepared in accordance with the requirements of the Local Audit and Accountability Act 2014.

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. 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 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.

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 Assistant Director Resources' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Assistant 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.

Other information

The Assistant Director Resources is responsible for the other information. The other information comprises the information included in the Financial Report and Statement of Accounts, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our 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 of the Authority 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 this other information, we are required to report that fact.

We have nothing to report in this regard.

Other information we are required to report on by exception under the Code of Audit Practice

Under the Code of Audit Practice published by the National Audit Office on behalf of the Comptroller and Auditor General (the Code of Audit Practice) we are required to consider whether the Annual Governance Statement does not comply with the 'Delivering Good Governance in Local Government: Framework (2016)' published by CIPFA and SOLACE or is misleading or inconsistent with the information of which we are aware from our audit. We are not required to consider whether the Annual Governance Statement addresses all risks and controls or that risks are satisfactorily addressed by internal controls.

We have nothing to report in this regard.

Opinion on other matter required by the Code of Audit Practice

In our opinion, based on the work undertaken in the course of the audit of the financial statements, the other information published together with the financial statements in the Financial Report and Statement of Accounts for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

Under the Code of Audit Practice, we are required to report to you if:

- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or

Audit opinion

- we make a written recommendation to the Authority under section 24 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- 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 in the course of, or at the conclusion of the audit; or;
- we issue an advisory notice under Section 29 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we make an application for judicial review under Section 31 of the Local Audit and Accountability Act 2014, in the course of, or at the conclusion of the audit.

We have nothing to report in respect of the above matters.

Responsibilities of the Authority, the Assistant Director Resources and Those Charged with Governance for the financial statements

As explained more fully in the Statement of Responsibilities the Authority is required to make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this authority, that officer is the Assistant Director Resources. The Assistant 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, for being satisfied that they give a true and fair view, and for such internal control as the Assistant Director Resources determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Assistant 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 there is an intention by government that the services provided by the Authority will no longer be provided.

The Audit & Standards Committee is Those Charged with Governance. Those charged with governance are responsible for overseeing the Authority's financial reporting process.

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: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Report on other legal and regulatory requirements - Delay in certification of completion of the audit

We cannot formally conclude the audit and issue an audit certificate in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice until we have completed our work to give our conclusion on the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources.

Use of our report

This report is made solely to the members of the Authority, as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014 and as set out in paragraph 43 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. Our audit work has been undertaken so that we might state to the Authority's members those matters we are required to state to them in an auditor's 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 Authority and the Authority's members as a body, for our audit work, for this report, or for the opinions we have formed.

Signature

Darren Wells
for and on behalf of Grant Thornton UK LLP, Local Auditor
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XX July 2019



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