

**Vale of White Horse District Council**

Year ending 31 March 2013

**Audit Plan**

11 March 2013

Councillor Simon Howell- Chairman  
Audit & Governance Committee  
Vale of White Horse District Council  
Abbey House  
Abingdon, Oxon  
OX14 3JE

11 March 2013

Dear Councillor Howell

## **Audit Plan**

We are pleased to attach our Audit Plan which sets out how we intend to carry out our responsibilities as your auditor. The purpose of this report is to provide the Audit & Governance Committee with a basis to review our proposed audit approach and scope for the 2013 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 Vale of White Horse District Council, and outlines our planned audit strategy in response to those risks.

We welcome the opportunity to discuss this report with you on 20 March 2013 as well as understand whether there are other matters which you consider may influence our audit.

Yours faithfully

Maria Grindley  
For and behalf of Ernst & Young LLP  
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# 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 Vale of White Horse District Council give a true and fair view of the financial position as at 31 March 2013 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. This means our feedback will 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.

In part 2 and 3 of this report we provide more detail on the areas which we believe present significant risk to the financial statements audit, and outline our plans to address them.

As part of our planning we have identified three specific risk to the audit of financial statements and two specific risks to the value for money conclusion on the Council's use of resources.

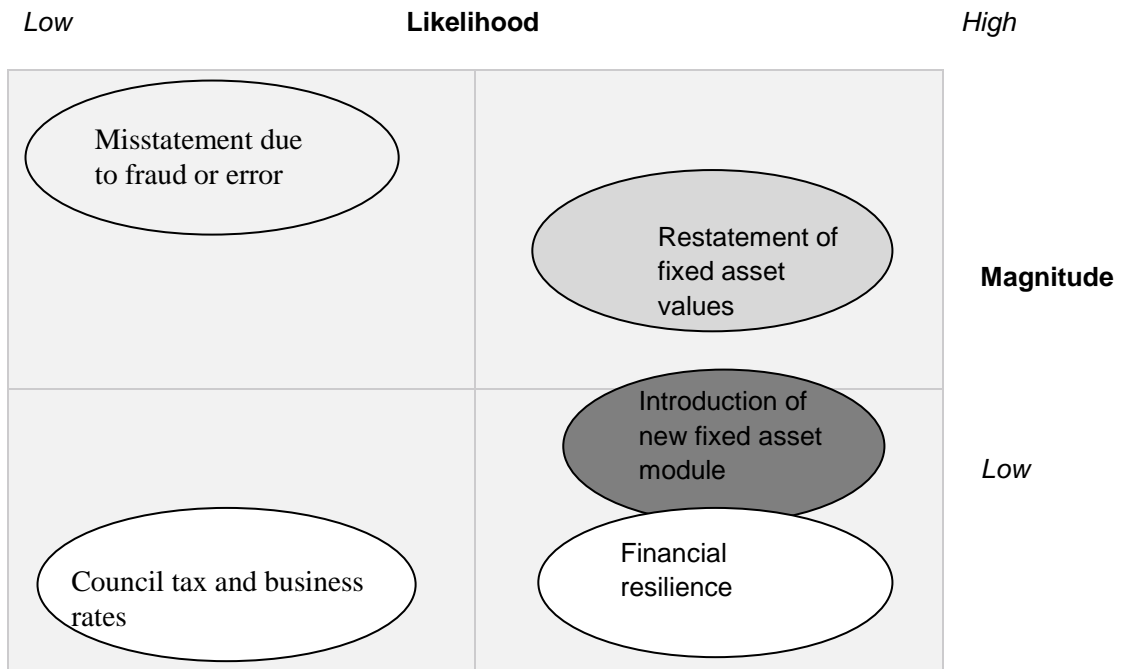
## Financial statements

- ▶ Material restatements were made to gross values of fixed assets in 2011/12 in anticipation of the introduction of a fixed asset module. As there were no detailed working papers to support these, they were reversed. The adjustments are expected to be included within the 2012/13 statements; review of these would incur an additional fee.
- ▶ The fixed asset module has yet to be introduced. Introduction late in the financial year carries significant risk of incorrect disclosure of classes of asset. Work to gain assurance over the conversion from the current spreadsheet system would incur an additional fee.
- ▶ Misstatement due to fraud or error; this is an inherent risk due to the nature of local authority finances and increasing pressures on management to achieve financial targets.

Value for money

- Changes to arrangements for council tax support and business rates: These changes represent a significant change for the Council, and council tax support brings both financial and reputational risks if the caseload figure rises dramatically.
- The current financial pressure on local authorities and the impact and necessity for continuous focus on financial resilience and use of resources are significant challenges over the medium term.

The grid below shows the overall assessment of these risks in terms of their likelihood of occurrence in 2012/13 as well as the perceived magnitude of the risk to our opinion.



- Presentation and Disclosure
- Valuation
- Value for money risk
- Judgements

We will provide an update to the Audit & Governance Committee on the results of our work in these areas as the audit progresses, and formally in our report to those charged with governance scheduled for delivery in September 2013.

## **Our process and strategy**

### Financial statement audit

We will apply the concept of materiality in planning and performing our audit, in evaluating the effect of any identified misstatements and in forming our opinion. We set our materiality based on the Council's level of gross expenditure. We also consider the size of useable reserves, the Council's financial position, its public profile and the reporting and challenge history. Our audit is designed to identify errors above materiality.

- ▶ We aim to rely on the Council's internal controls in the key financial systems to the fullest extent allowed by auditing standards. We identify the controls we consider important and seek to place reliance on internal audit's testing of those controls. Where control failures are identified we consider the most appropriate steps to take.
- ▶ We seek to place reliance on the work of internal audit wherever possible. We have already liaised with internal audit where this is planned.
- ▶ The key members of our audit team are Maria Grindley, Director; Anne Ockleston, Manager; and Angus Fookes, Team Leader

### Arrangements for securing Economy, Efficiency and Effectiveness

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

Although we have identified a specific risk relating to the financial pressures facing local authorities, this does not at this stage require us to undertake additional work to address it.

## 2. Financial Statement Risks

We outline below our assessment of the key strategic or operational risks and the financial statement risks facing the Council, identified through our knowledge of the entity's operations and discussion with members and officers.

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

Significant risks (including fraud risks)	Our audit approach
<p><b>Asset Management – new register</b></p> <p>The asset register is maintained on an Excel spreadsheet, rather than an IT based register. The Council anticipated introducing such a Fixed Asset register in 2012/13 but this has yet to be introduced. Work required to provide assurance over a new system would incur an additional fee</p>	<p>Our approach will focus on:</p> <ul style="list-style-type: none"> <li>▶ Testing the integrity of the spreadsheet</li> <li>▶ Testing adjustments for assets restated in the current financial year</li> <li>▶ Confirming the asset register method (spreadsheet or IT module) producing financial statement figures and disclosures.</li> <li>▶ Agreeing additional work required to provide audit assurance over the new system.</li> </ul>
<p><b>Asset Management – adjustments</b></p> <p>The Council is proposing to restate historical gross book value and gross depreciation and impairment under IFRS rules. This was proposed in 2011/12 but was not supported by any working papers. Work to provide assurance over these adjustments will incur an additional fee.</p>	<p>Our approach will focus on:</p> <ul style="list-style-type: none"> <li>▶ Discussing the proposed changes with finance officers;</li> <li>▶ Identifying the materiality of the changes and determining the extent of audit procedures to be applied.</li> <li>▶ Agreeing a fee for the work required</li> </ul>
<p><b>Risk of misstatement due to fraud and error</b></p> <p>Management has the primary responsibility to prevent and detect fraud. It is important that management, with the oversight of those charged with governance, has 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 a risk.</p>	<p>Based on the requirements of auditing standards our approach will focus on:</p> <ul style="list-style-type: none"> <li>▶ Identifying fraud risks during the planning stages.</li> <li>▶ Inquiry of management about risks of fraud and the controls put in place to address those risks.</li> <li>▶ Understanding the oversight given by those charged with governance of management's processes over fraud.</li> <li>▶ Consideration of the effectiveness of management's controls designed to address the risk of fraud.</li> <li>▶ Determining an appropriate strategy to address those identified risks of fraud.</li> <li>▶ Performing mandatory procedures regardless of specifically identified fraud risks.</li> </ul> <p>We will consider the results of the National Fraud Initiative and may refer to it in our reporting to you.</p> <ul style="list-style-type: none"> <li>▶ Our approach to address the risks of fraud we have identified at this stage of our planning will focus on: <ul style="list-style-type: none"> <li>▶ reviewing the year-end position against in-year financial forecasts;</li> <li>▶ reviewing the reasonableness and completeness of prepayments, accruals and provisions;</li> <li>▶ testing material adjustments made by journals; and</li> <li>▶ reviewing transactions both before and after year-end to ensure they are correctly disclosed in the correct financial period</li> </ul> </li> </ul>

### 3. Economy, Efficiency & Effectiveness

Our work will focus on:

1. Whether there are proper arrangements in place for securing financial resilience at Vale of White Horse District Council; and
2. Whether there are proper arrangements in place at Vale of White Horse District Council 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. At this stage of our audit we have not identified any significant risks beyond the general financial pressures facing all local authorities.

Other risks		Our audit approach
<b>Managing finances</b>		
<p>The current financial pressure on local authorities and the impact and necessity for continuous focus on financial resilience and use of resources represents a significant challenge over the medium term.</p>	<p>Economy, efficiency and effectiveness</p> <p>Financial resilience</p>	<p>Our approach will focus on:</p> <ul style="list-style-type: none"> <li>▶ Reviewing the Council's medium term financial plans</li> </ul>
<b>Changes to arrangements for council tax support and business rates</b>		
<p>From April 2013, there will be changes to the arrangements for both Local Council Tax Support (CTS) and business rates. The changes represent a significant change, and could bring both financial and reputational risks if the level of CTS increases</p>	<p>Economy, efficiency and effectiveness</p> <p>Financial resilience</p>	<p>Our approach will focus on:</p> <ul style="list-style-type: none"> <li>▶ How the Council has planned for and managed these changes.</li> <li>▶ How the Council has assessed the likely impact of the changes on its financial position and built these into its future financial projections and budget.</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:

- i) the accuracy and completeness of the Council's financial statements; and
- ii) the adequacy of the 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

Our audit involves:

- ▶ assessing the key internal controls in place and testing the operation of these controls;
- ▶ review and re-performance of the work of your internal auditors;
- ▶ reliance on the work of other auditors where appropriate;
- ▶ reliance on the work of experts in relation to areas such as pensions and valuations; and
- ▶ substantive tests of detail of transactions and amounts.

## Processes

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

- Accounts receivable
- Accounts payable
- General ledger transactions (including cash and bank transactions)
- Housing and Council Tax Benefits
- Payroll
- Treasury management

We propose to take a substantive approach to the following areas on the grounds of efficiency: business rates, council tax and journals.

## Analytics

We will use our computer-based analytics tools to enable us to capture whole populations of your financial data, in particular for payroll, accounts payable, 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 the findings from our process and analytics work, including any significant weaknesses or inefficiencies identified and recommendations for improvement, to management and the Audit & Governance Committee.

## Internal audit

As in previous years, we will review internal audit plans and the results of their work. We will reflect the findings from these reports - together with reports from other work completed in the year - in our detailed audit plan, which raises issues that could have an impact on the year-end financial statements.

## Use of experts

We will use specialist Ernst & Young resource as necessary to help us to form a view on judgments made in the financial statements. We will seek to rely on experts engaged by the Audit Commission for assurance over actuaries used to prepare pensions information within your financial statements.

In addition to the key areas of emphasis outlined above, we must perform other procedures as required by auditing, ethical and independence standards, the Code and other regulations. We outline the procedures we will undertake during the course of our audit.

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

- ▶ Addressing the risk of fraud and error.
- ▶ Significant disclosures included in the financial statements.
- ▶ Entity-wide controls.

- ▶ Reading other information contained in the financial statements and reporting whether it is inconsistent with our understanding and the financial statements.
- ▶ Auditor independence.

#### ***Procedures required by the Code***

- ▶ Reviewing, and reporting on as appropriate, other information published with the financial statements, including the Annual Governance Statement and the Remuneration Report.
- ▶ Reviewing and reporting on the Whole of Government accounts return, in line with the instructions issued by the NAO.
- ▶ 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..

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.

ISA (UK & Ireland) 450 (revised) requires us to record all misstatements identified except those that are "clearly trivial. All uncorrected misstatements found above a trivial amount will be presented to you in our year-end report.

### **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 £61,397.

This indicative fee figure may increase as a result of the need to undertake any additional work on the adjustments for the material restatements made to gross values of fixed assets in 2011/12, plus the introduction of the new fixed asset module.

### **4.5 Your audit team**

The engagement team is led by Maria Grindley, who has significant experience on Vale of White Horse District Council. Maria is supported by Anne Ockleston who is responsible for the day-to-day direction of audit work, and who is the key point of contact for the shared accountancy manager.

## 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 & Governance Committee cycle in 2013. These dates are determined to ensure our alignment with the Audit Commission's rolling calendar of deadlines.

We will provide formal reports to the Audit and Governance Committee throughout our audit process as outlined below. Where required, we will issue an Interim Report, summarising the findings from our audit at that stage. From time to time matters may arise that require immediate communication with the Audit and Governance Committee and we will discuss them with the Committee Chairman as appropriate

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

Audit phase	Timetable	Audit & Governance Committee timetable	Deliverables
High level planning	<b>January</b>	January	Audit Fee letter
Risk assessment and setting of scopes	<b>December/February</b>	March	Audit Plan
Testing of routine processes and controls	<b>March /April</b>	June	Progress Report (if required)
Value for money conclusion	<b>February/June</b>	June	Progress Report (if required)
Year-end audit including WGA	<b>July – September</b>	September	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).  Audit completion certificate
Reporting	<b>September</b>		Management Letter*
Grant claims	<b>January</b>	January 2014	Report on the audit of grant claims

\* The Management Letter is issued prior to 30 November. As the Audit and Governance Committee does not meet until January 2014, we will endeavour to bring this to the September meeting, or send to the S.151 officer to forward to committee members ahead of the January 2014 committee meeting.

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>

During the course of the audit, we are also 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.

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 decisions 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 Maria Grindley, your audit engagement partner and the audit 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 29 June 2012 and can be found here:

[UK 2012 Transparency Report](#)

## Appendix A Fees

A breakdown of our agreed fee is shown below.

	Planned Fee 2012/13	Actual Fee 2011/12	Explanation of variance
	£'000	£'000	
<b>Total Audit Fee – Code work**</b>	61,397	103,200	Reduction due to AC contract procurement exercise
Certification of claims and returns*	19,750	28,890	Reduction due to AC contract procurement exercise
No non-audit work			

\* Our fee for the certification of grant claims is based on the indicative scale fee set by the Audit Commission. This fee may increase if additional work is required

\*\* Our fee may increase if additional work is required to support the opinion

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

- ▶ Officers meeting the agreed timetable of deliverables;
- ▶ We are able to rely on the work of internal audit as planned;
- ▶ The level of risk in relation to the audit of accounts is consistent with that in the prior year;
- ▶ No significant changes are made by the Audit Commission to the use of resources criteria on which our conclusion will be based;
- ▶ Our accounts opinion and use of resources conclusion being unqualified;
- ▶ Appropriate quality of documentation is provided by the Council; and
- ▶ There is 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.



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

There are certain communications that we must provide to the Audit & Governance Committee of audited clients. These are detailed here.

Required communication	Reference
<p><b>Planning and audit approach</b> Communication of the planned scope and timing of the audit, including any limitations.</p>	Audit Plan
<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>▶ Any significant difficulties encountered during the audit</li> <li>▶ Any significant matters 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>▶ Any other matters if significant to the oversight of the financial reporting process</li> </ul>	Report to those charged with governance
<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 where they are significant</li> </ul>	Report to those charged with governance
<p><b>Fraud</b></p> <ul style="list-style-type: none"> <li>▶ Enquiries of the Audit &amp; Governance Committee to determine whether they have knowledge of any actual, suspected or alleged fraud affecting the Council</li> <li>▶ Any fraud that we have identified or information we have obtained that indicates a fraud may exist</li> <li>▶ A discussion of any other matters related to fraud</li> </ul>	Report to those charged with governance
<p><b>Related parties</b> Significant matters arising during the audit in connection with the Council's related parties, including where applicable:</p> <ul style="list-style-type: none"> <li>▶ Non-disclosure by management and councillors</li> <li>▶ Inappropriate authorisation and approval of transactions</li> <li>▶ Disagreement over disclosures</li> <li>▶ Non-compliance with laws and regulations</li> <li>▶</li> </ul>	Report to those charged with governance
<p><b>External confirmations</b></p> <ul style="list-style-type: none"> <li>▶ Management's refusal to allow us to request confirmations</li> <li>▶ Inability to obtain relevant and reliable audit evidence from other procedures</li> </ul>	Report to those charged with governance
<p><b>Consideration of laws and regulations</b></p> <ul style="list-style-type: none"> <li>▶ Audit findings on non-compliance where material and believed to be intentional. This communication is subject to compliance with legislation on tipping off</li> <li>▶ Enquiry of the Audit &amp; Governance Committee into any possible instances of non-compliance with laws and regulations they know about, where they may have a material effect on the financial statements</li> </ul>	Report to those charged with governance
<p><b>Independence</b> Communication of all significant facts and matters bearing on Ernst &amp; Young's objectivity and independence Communication of key elements of the audit engagement partner's consideration of independence and objectivity such as:</p>	Audit Plan Report to those charged with governance

Required communication	Reference
<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                             <ul style="list-style-type: none"> <li>▶ Information about the general policies and processes within the firm to maintain objectivity and independence</li> </ul> </li> <li>▶ The Audit &amp; Governance Committee should also be given an opportunity to discuss matters affecting auditor independence</li> </ul>	
<p><b>Going concern</b>                      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>	Report to those charged with governance
<p><b>Significant deficiencies in internal controls identified during the audit</b></p>	Report to those charged with governance
<ul style="list-style-type: none"> <li>▶</li> </ul>	Audit Plan
<p><b>Certification work on grants</b></p>	
<ul style="list-style-type: none"> <li>▶ Summary of certification work and findings</li> </ul>	Annual Certification Report to those charged with governance, and Management Letter if considered necessary
<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> </ul>	Audit Plan
<ul style="list-style-type: none"> <li>▶ Breakdown of fee information at the completion of the audit</li> </ul>	Report to those charged with governance and Management Letter if considered necessary

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