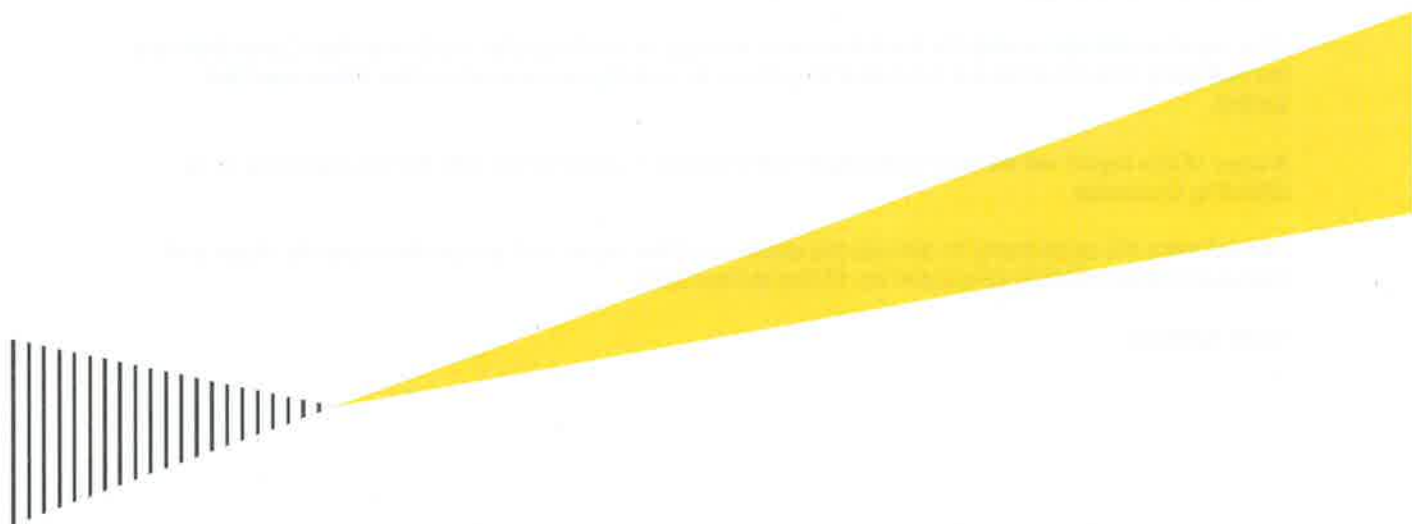


Cherwell District Council

Audit results report for the year ended 31 March 2013

September 2013

Ernst & Young LLP



Accounts, Audit and Risk Committee
Cherwell District Council
Bodicote House
Bodicote
Banbury
OX15 4AA

18 September 2013

Dear Ladies and Gentlemen

Audit results report

We are pleased to attach our audit results report for the forthcoming meeting of the Accounts, Audit and Risk Committee. This report summarises our preliminary audit conclusion in relation to the Authority's financial position and results of operations for 2012/13.

The audit is designed to express an opinion on the 2012/13 financial statements, reach a conclusion on the Authority's arrangements for securing economy, efficiency and effectiveness in the use of resources, and address current statutory and regulatory requirements. This report contains our findings related to the areas of audit emphasis, our views on the Authority's accounting policies and judgments and material internal control findings.

This report is intended solely for the information and use of the Accounts, Audit and Risk Committee and the Authority. It is not intended to be and should not be used by anyone other than these specified parties.

A copy of this report will be sent to the Audit Commission in accordance with the requirements of its Standing Guidance.

We welcome the opportunity to discuss the contents of this report with you at the Accounts, Audit and Risk Committee meeting scheduled on 18 September 2013.

Yours faithfully

Maria Grindley
Director
For and on behalf of Ernst & Young LLP

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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 Audit Results Report is prepared in the context of the Statement of responsibilities. It is addressed to the Members of the audited body, and is prepared for their sole use. 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 of the financial statement audit

The Authority is responsible for preparing and publishing its Statement of Accounts, accompanied by the Annual Governance Statement. In the Annual Governance Statement, the Authority reports publicly on the extent to which they comply with their own code of governance, including how they have monitored and evaluated the effectiveness of their governance arrangements in the year, and on any planned changes in the coming period. The Authority is also responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

As auditors we are responsible for:

- ▶ Forming an opinion on the financial statements;
- ▶ Forming a conclusion on the arrangements that the Authority has in place to secure economy, efficiency and effectiveness in its use of resources; and
- ▶ Undertaking any other work specified by the Audit Commission.

Summarised below are the conclusions from all elements of our work:

Financial statements

Following the performance of the procedures outlined in our Audit Plan, we anticipate issuing an unqualified opinion on the Authority's financial statements. Our main findings in relation to the areas of risk included in our Audit Plan are set out below.

Financial statement risks:

Financial statement risks 1: Audit findings and conclusions

- ▶ We approach each engagement with a questioning mind that accepts the possibility a material misstatement due to fraud and error could occur:
 - ▶ We have obtained assurance that the risk of material misstatement due to fraud and error has been mitigated.
-

Financial statement risks 2: Audit findings and conclusions

- ▶ We assessed the Council's year end closedown of accounts as a risk :
 - ▶ We have obtained adequate assurance over the year end closedown of accounts and there are no issuing arising.
-

Economy, efficiency and effectiveness

Following the performance of the procedures outlined in our Audit Plan, we anticipate issuing an unqualified value for money conclusion.

Whole of Government accounts

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

We are currently concluding our work in this area and will report any matters that arise to the Audit Committee.

Audit certificate

The audit certificate is issued to demonstrate that the full requirements of the Audit Commission's Code of Audit Practice have been discharged for the relevant audit year. We expect to issue the audit certificate at the same time as the Audit Opinion;

Control themes and observations

Our audit identified opportunities for improving control over computer user access to your General Ledger IT system.

Summary of audit differences

My audit identified a limited number of errors which my team have highlighted to management for amendment. All of these have been adjusted during the course of our work.

2. Scope update

Our 2012/13 audit work has been undertaken in accordance with the Audit Plan issued on 12 March 2013 and is conducted in accordance with the Audit Commission's Code of Audit Practice, International Standards on Auditing (UK and Ireland) and other guidance issued by the Audit Commission.

Our work comprises a number of elements. In our Audit Plan, we provided an overview of our audit scope and approach for the audit of the financial statements, our conclusion on the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources, and the work we are required to perform on the Whole of Government Accounts return.

We carried out our work in accordance with our Audit Plan.

3. Significant findings from the financial statement audit

In this section of our report we outline the main findings from our audit, including our conclusions on the areas of risk outlined in our Audit Plan.

Financial statement risk 1: Risk of misstatement due to fraud and error

Description and conclusion

Based on the requirements of auditing standards our approach has involved :

- identifying the risk of material misstatement due to fraud and error at the planning stages of the audit;
- inquiry of management about risks of fraud and the controls put in place by management to address those risks;
- understanding the oversight given by those charged with governance of management's processes over fraud;
- considering the effectiveness of management's controls designed to address the risk of fraud;
- determining an appropriate strategy to address those identified risks of fraud;
- performing mandatory procedures regardless of specifically identified fraud risks; and
- considering the results of the National Fraud Initiative.

Conclusion

- 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.
- Our audit procedures have not identified any material misstatement or unexplained accounting entries that would place us on alert regarding the above or cause us to challenge management judgements in preparing the accounts.
- We have obtained written representation from management and those charged with governance which provide us with assurance that arrangements are in place to mitigate the risk of material misstatement due to fraud or error and that there is the exercise of oversight on the part of the Accounts, Audit and Risk Committee.
- Our review of the results of the National Fraud Initiative did not highlight any issues requiring us to undertake any additional audit procedures.
- We have obtained assurance that the risk of material misstatement due to fraud and error has been mitigated.

Financial statement risk 2: Year end closedown of accounts

Description and conclusion

We have:

- reviewed the Council's financial closedown plan;
- liaised with the Head of Finance and Procurement and her staff to ensure that the closedown process and the needs of the audit are co-ordinated.

Conclusion

- The Council's closedown plan was fit for purpose and implementation of the plan was effectively managed and co-ordinated across the two workstreams (CDC and SNC) with good results. The Council produced its draft accounts well in advance of the statutory deadline of the 30 June 2013 and without any discernible impact on quality.
- Working papers presented to audit were produced on time and to a high standard; good quality working papers coupled with our reliance on management controls over the financial closedown process provided added assurance which assisted the efficient conduct of the audit.
- We have obtained adequate assurance over the year end closedown of accounts and there are no issues arising.

Other matters

I am required to communicate to you significant findings from the audit and other matters that are significant to your oversight of the financial reporting process. I have no other matters to bring to your attention.

4. Economy, efficiency and effectiveness

The Code of Audit Practice 2010 sets out our responsibility to satisfy ourselves that the Cherwell District Council has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources. In examining the Cherwell District Council's corporate performance management and financial management arrangements we consider the following criteria and areas of focus specified by the Audit Commission:

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

The table below presents the findings of our work in response to the risk areas or areas of focus in our Audit Plan;

Risks/areas of focus	Impacts arrangements for securing:	Key findings:
Joint management and shared service arrangements		
<p>The Council continues to look for opportunities to improve efficiency and has successfully implemented joint management arrangements with a neighbouring council.</p> <p>Further opportunities for joint working continue to be explored as the Council looks to maximise savings and efficiency.</p> <p>This is a positive direction for the Council. However, there is a risk that:</p> <ul style="list-style-type: none"> • the Council fails to implement and manage joint working and planned outcomes are not delivered; • changes in organisational structures or downsizing adversely impact on governance and proper arrangements as resources become overstretched. 	Economy, efficiency and effectiveness	<ul style="list-style-type: none"> ▶ Management has produced a full and comprehensive report which assesses the outcomes and delivery of its change programme against each of the original business case objectives. The report was presented to the March meeting of full Council. ▶ This demonstrates clear outcomes to date; an awareness of the opportunities and challenges inherent in the process and outlines the Council's future plans. ▶ We are satisfied that the Council is taking forward its change agenda in an effective and progressive manner. ▶ Furthermore, we have reviewed the Audit Commission VFM profile for evidence of high cost or poor quality indicators that might suggest a negative impact on services. Our review did not identify any evidence of a deterioration in service quality. ▶ The senior management restructure programme has exposed shortcomings in the Council's processes for managing redundancies. ▶ We are satisfied that these shortcomings do not constitute a failure of proper arrangements on the part of management as defined by the Code of Audit Practice. Action has been taken by management and recommendations for improvement were presented to the September meeting of the Joint Personnel Committee.
Managing finances		
The current financial pressure on local authorities and the impact and necessity for continuous focus on financial resilience and use of resources	Financial resilience	<ul style="list-style-type: none"> ▶ The Council is taking appropriate action to manage the challenges that it faces over the medium term.

represents a significant challenge over the medium term

- ▶ The Council has achieved its financial targets for the year and has set a prudent budget for 2013/14 with good prospects of meeting financial targets in the coming year based on past performance.
- ▶ Although financial pressures have arisen during the first quarter of 2012/13 management are confident that these will be addressed.
- ▶ The Council has a robust process for reviewing and updating its medium term financial plans in which members are engaged.
- ▶ A refreshed five year medium term financial plan has been prepared. This is due to be adopted by the Council in October 2013.
- ▶ We have assessed the Council's arrangements as adequate.

Changes to arrangements for council tax support and business rates

From April 2013, there will be changes to the arrangements for both Local Council Tax Support and business rates. These changes represent a significant change for the Council and bring both financial and reputational risks.

Financial resilience

- ▶ The Council has assessed the impact of the changes in preparing its 2013/14 budget and financial plans and has consulted with local residents.
 - ▶ Arrangements for managing the implementation of the Government's welfare reforms are adequate
-

5. Control themes and observations

As part of our work, we obtained sufficient understanding of internal control to plan our audit and determine the nature, timing and extent of testing. Although our audit was not designed to express an opinion on the effectiveness of internal control, we are required to communicate to you any significant deficiencies.

We have only reported here deficiencies we identified during the audit that we concluded are significant.

5.1 Current year observations

Description	Impact
<p>We carried out work to obtain assurances over the design and operation of the IT general controls within the Council's general ledger system (Agresso). Our procedures included documenting the computer applications, documenting controls relating to changes in production programmes and logical access to data and programmes.</p> <p>This work was carried out by our IT specialist team and covered change management controls and logical access.</p>	<p>We obtained adequate assurance over the design and operation of the Council's change management controls.</p> <p>We identified opportunities for improvements to logical access controls which would reduce the risk of unauthorised or inappropriate access to data and programmes within Agresso. These have been discussed and agreed with management and an action plan produced which management has agreed to implement.</p> <p>We undertook additional substantive procedures to obtain assurances regarding the impact on our financial audit for 2012/13.</p>

6. Status of our work

6.1 Financial statement audit

Our audit work for our opinion on the Authority's financial statements is substantially complete. The following items were outstanding at the date of this report.

Item	Actions to resolve	Responsibility
Letter of representation	To be tabled at accounts audit and risk committee on 18 September 2013.	Management and Audit Committee
Audit of accounts	<ul style="list-style-type: none"> ▶ Awaiting ISA19 assurance report from Pension Fund auditor ▶ Awaiting revised set of accounts to check agreed audit adjustments 	Management, Audit Committee and Ernst & Young

On the basis of our work performed to date, we anticipate issuing an unqualified auditor's report on the Authority's financial statements. However, until we have completed our outstanding procedures, it is possible that further matters requiring amendment may arise.

6.2 Economy, efficiency and effectiveness

Our work in respect of our conclusion on the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources is complete

We expect to present an unqualified value for money conclusion in regard to the Authority's arrangements to ensure economy, efficiency and effectiveness in its use of resources.

6.3 Objections

We have received no objections to the 2012/13 accounts from members of the public.

7. Fees update

A breakdown of our agreed fee is shown below.

	Proposed final fee 2012/13 £'000	Planned fee 2012/13 £'000	Scale fee 2012/13 £'000	Explanation of variance
Total Audit Fee – Code work	68,603	68,603	68,603	N/A
Certification of claims and returns	*	19,800	19,800	N/A
Non-audit work	1,381**	N/A	N/A	

Our actual fee is in line with the agreed fee.

* Our fee for certification of grants and claims is yet to be finalised for 2012/13 and will be reported to those charged with governance in January 2014 within the Audit Certification Report for 2012/13.

** The fee quoted in the table relates to non audit work carried out at the request of the Director of Resources to provide an audit view on a compromise payment made in settlement of an Employment Tribunal claim. The cost; £2,304 is shared between Cherwell District Council and South Northamptonshire Council of which 60% of the cost is chargeable to the Council.

8. Summary of audit differences

In the normal course of any audit, we identify differences between amounts we believe should be recorded in the financial statements and amounts actually recorded. These differences are classified as either 'known' or 'judgemental'. Known differences represent items that can be accurately quantified and relate to a definite set of facts or circumstances. Judgemental differences generally involve estimation and relate to facts or circumstances that are uncertain or open to interpretation.

Our audit identified a number of errors and changes to disclosure notes which my team have highlighted to management for amendment. All of these have been adjusted during the course of our work.

We include all amounts greater than £1.3 million relating to Cherwell District Council in our summary of misstatements. There is one error which exceeds this threshold which relates to an error in the revaluation of property, plant and equipment this is included in the summary of misstatements at Appendix B.

There were no uncorrected misstatements

We identified no amounts, individually or in aggregate, material to the presentation and disclosures of the financial statements for the year ended 31 March 2013.

9. Independence confirmation: update

We confirm there are no changes in our assessment of independence since our confirmation in our Audit Plan date 12 March 2013. We complied with the Ethical Standards for Auditors and the requirements of the Standing Guidance and in our professional judgement the firm is independent, and the objectivity of the audit engagement partner and audit staff has not been compromised within the meaning of regulatory and professional requirements.

We consider that our independence in this context is a matter that should be reviewed by both you and us. It is therefore important that you consider the facts of which you are aware and come to a view. If you wish to discuss any matters concerning our independence, we will be pleased to do so at the forthcoming meeting of the Audit Committee on 18 September 2013.

Appendix A Required communications with the Audit Committee

We must provide certain communications to the Audit Committee. These are:

Required communication	Reference
Terms of engagement	The Statement of responsibilities serves as the formal terms of engagement between the Audit Commission's appointed auditors and audited bodies.
Planning and audit approach Communication of the planned scope and timing of the audit including any limitations.	Audit Plan
Significant findings from the audit <ul style="list-style-type: none"> ▶ Our view about the significant qualitative aspects of accounting practices including accounting policies, accounting estimates and financial statement disclosures ▶ Significant difficulties, if any, encountered during the audit ▶ Significant matters, if any, arising from the audit that were discussed with management ▶ Written representations we are seeking ▶ Expected modifications to the audit report ▶ Other matters, if any, significant to the oversight of the financial reporting process ▶ 	Audit results report
Misstatements <ul style="list-style-type: none"> ▶ Uncorrected misstatements and their effect on our audit opinion ▶ The effect of uncorrected misstatements relating to prior periods ▶ A request that any uncorrected misstatement be corrected ▶ In writing, corrected significant misstatements 	Audit results report
Fraud <ul style="list-style-type: none"> ▶ Enquiries of the audit committee to determine whether they have knowledge of any actual, suspected or alleged fraud affecting the Authority ▶ Any fraud we have identified or information we have obtained that indicates that a fraud may exist ▶ A discussion of any other matters related to fraud 	Representations from the Chair of the Accounts Audit and Risk Committee and the Director of Resources dated 5 April 2013
Related parties Significant matters arising during the audit in connection with the Authority's related parties including, when applicable: <ul style="list-style-type: none"> ▶ Non-disclosure by management ▶ Inappropriate authorisation and approval of transactions ▶ Disagreement over disclosures ▶ Non-compliance with laws and regulations ▶ Difficulty in identifying the party that ultimately controls the Authority 	Audit Results report
External confirmations <ul style="list-style-type: none"> ▶ Management's refusal for us to request confirmations ▶ Inability to obtain relevant and reliable audit evidence from other procedures 	Not applicable

Required communication	Reference
<p>Consideration of laws and regulations</p> <ul style="list-style-type: none"> ▶ Audit findings regarding non-compliance where it is material and believed to be intentional. This communication is subject to compliance with legislation on tipping off ▶ 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 committee may be aware of 	<p>Letter to the Chair of the Accounts Audit and Risk Committee and to the Director of Finance dated 25 March and 29 January 2013</p>
<p>Independence</p> <p>Communication of all significant facts and matters that bear on Ernst & 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"> ▶ The principal threats ▶ Safeguards adopted and their effectiveness ▶ An overall assessment of threats and safeguards ▶ Information about the general policies and process within the firm to maintain objectivity and independence 	<p>Audit Plan and update in section 8 of this report</p>
<p>Going concern</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"> ▶ Whether the events or conditions constitute a material uncertainty ▶ Whether the use of the going concern assumption is appropriate in the preparation and presentation of the financial statements ▶ The adequacy of related disclosures in the financial statements 	<p>Letter to the Chair of the Audit Committee and to the Director of Finance dated 25 March and 29 January 2013</p>
<p>Significant deficiencies in internal controls identified during the audit</p>	<p>Audit results report</p>
<p>Group audits</p> <ul style="list-style-type: none"> ▶ An overview of the type of work to be performed on the financial information of the components ▶ An overview of the nature of the group audit team's planned involvement in the work to be performed by the component auditors on the financial information of significant components ▶ Instances where the group audit team's evaluation of the work of a component auditor gave rise to a concern about the quality of that auditor's work ▶ Any limitations on the group audit, for example, where the group engagement team's access to information may have been restricted ▶ Fraud or suspected fraud involving group management, component management, employees who have significant roles in group-wide controls or others where the fraud resulted in a material misstatement of the group financial statements 	<p>Not applicable</p>
<p>Fee reporting</p> <ul style="list-style-type: none"> ▶ Final, planned and scale fee broken down into the headings of Code audit work; certification of claims and returns; and any non-audit work (or a statement to confirm that no non-audit work has been undertaken for the Authority). 	<p>Audit Plan and Audit results report]</p>
<p>Summary of certification work undertaken</p> <ul style="list-style-type: none"> ▶ Annual report to those charged with governance summarising the certification work undertaken 	<p>Annual Certification Report – to be issued January 2014</p>

Appendix B Adjusted Audit Errors

The following adjustments, which are greater than £1.346m, have been identified during the course of our audit. These adjustments have been made by management within the revised financial statements.

Item of Account	Nature of Error	Error Type	Statement of Comprehensive Income & Expenditure		Balance Sheet	
			Debit	(Credit)	Debit	(Credit)
	Description					
1. Property plant and equipment						
	Revaluation adjustment due to the effective date on re-valued assets being calculated from 1 April 2012 instead of 31 March 2013	F				£2.834m
Revaluation adjustment	Impact on Net Cost of Services		£0.177m			
	Impact on surplus on the revaluation of non-current assets		£2.657m			
Revaluation increase	An error due to properties having two assets on the asset register and on revaluation assets were combined but this was not reflected within the asset register leading to an overstatement of asset values				£1.842m	
	Impact on Net Cost of Services			£0.730m		
	Impact on surplus on the revaluation of non-current assets			£1.112m		
Net change to the balance sheet						£0.992m
Income effect of corrected adjustments			£0.992m			

F: Factual error

Appendix C Required communications with the Audit Committee

EY

Apex Plaza

Reading

RG1 1YE

This representation letter is provided in connection with your audit of the financial statements of *Cherwell District Council* ("the Council") for the year ended *31 March 2013*. We recognise that obtaining representations from us concerning the information contained in this letter is a significant procedure in enabling you to form an opinion as to whether the financial statements give a true and fair view of the financial position of *Cherwell District Council* as of *31 March 2013* and of its expenditure and income for the year then ended in accordance with the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2012/13.

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

Accordingly, we make the following representations, which are true to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves:

A. Financial Statements and Financial Records

1. We have fulfilled our responsibilities, under the relevant statutory authorities, for the preparation of the financial statements in accordance with the Accounts and Audit Regulations (England) 2011 and CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2012/13.
2. We acknowledge our responsibility for the fair presentation of the financial statements. We believe the financial statements referred to above give a true and fair view of the financial position and of its expenditure and income of the Council in accordance with the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2012/13 and are free of material misstatements, including omissions. We have approved the financial statements.
3. The significant accounting policies adopted in the preparation of the financial statements are appropriately described in the financial statements.
4. We believe that the Council has a system of internal controls adequate to enable the preparation of accurate financial statements in accordance with the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2012/13 that are free from material misstatement, whether due to fraud or error.
5. There are no unadjusted audit differences identified during the current audit and pertaining to the latest period presented.

B. Fraud

1. We acknowledge that we are responsible for the design, implementation and maintenance of internal controls to prevent and detect fraud
2. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
3. We have no knowledge of any fraud or suspected fraud involving management or other employees who have a significant role in the Council's internal controls over financial reporting. In addition, we have no knowledge of any fraud or suspected fraud involving other employees in which the fraud could have a material effect on the financial statements. We have no knowledge of any allegations of financial improprieties, including fraud or suspected fraud, (regardless of the source or form and including without limitation, any allegations by "whistleblowers") which could result in a misstatement of the financial statements or otherwise affect the financial reporting of the Council.

C. Compliance with Laws and Regulations

1. We have disclosed to you all known actual or suspected noncompliance with laws and regulations whose effects should be considered when preparing the financial statements

D. Information Provided and Completeness of Information and Transactions

1. We have provided you with:
 - Access to all information of which we are aware that is relevant to the preparation of the financial statements such as records, documentation and other matters as agreed in terms of the audit engagement.
 - Additional information that you have requested from us for the purpose of the audit and
 - Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
2. All material transactions have been recorded in the accounting records and are reflected in the financial statements
3. We have made available to you all minutes of the meetings of the Council, the Executive and the Audit Committee (or summaries of actions of recent meetings for which minutes have not yet been prepared) held through the year to the most recent meeting on the following date:
 - Council: 22 July 2013
 - Executive: 1 July 2013
 - Accounts Audit and Risk Committee: 26 June 2013
4. We confirm the completeness of information provided regarding the identification of related parties. We have disclosed to you the identity of the Council's related parties and all related party relationships and transactions of which we are aware, including sales, purchases, loans, transfers of assets, liabilities and services, leasing arrangements, guarantees, non-monetary transactions and transactions for no consideration for the period ended, as well as related balances due to or from such parties at the year end. These transactions have been appropriately accounted for and disclosed in the financial statements.
5. We have disclosed to you, and the Council has complied with, all aspects of contractual agreements that could have a material effect on the financial statements in the event of non-compliance, including all covenants, conditions or other requirements of all outstanding debt.

E. Liabilities and Contingencies

1. All liabilities and contingencies, including those associated with guarantees, whether written or oral, have been disclosed to you and are appropriately reflected in the financial statements.
2. We have informed you of all outstanding and possible litigation and claims, whether or not they have been discussed with legal counsel.
3. We have recorded and/or disclosed, as appropriate, all liabilities related litigation and claims, both actual and contingent, and have disclosed in Note 8.38 to the financial statements all guarantees that we have given to third parties.
4. The industrial tribunal claim by a former member of staff has been settled for the total sum of £120,000 of which the Council's share has been properly accrued in the financial statements. No other claims in connection with litigation have been or are expected to be received.

F. Subsequent Events

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

G. Accounting Estimates

1. We believe that the significant assumptions we used in making accounting estimates, including those measured at fair value, are reasonable
2. Accounting estimates recognised or disclosed in the financial statements:
 - We believe the measurement processes, including related assumptions and models, we used in determining accounting estimates is appropriate and the application of these processes is consistent.
 - The disclosures relating to accounting estimates are complete and appropriate in accordance with the applicable financial reporting framework.
 - The assumptions we used in making accounting estimates appropriately reflects our intent and ability to carry out specific courses of action on behalf of the entity, where relevant to the accounting estimates and disclosures.
 - No subsequent event requires an adjustment to the accounting estimates and disclosures included in the financial statements.

H Retirement benefits

1. On the basis of the process established by us and having made appropriate enquiries, we are satisfied that the actuarial assumptions underlying the scheme liabilities are consistent with our knowledge of the business. All significant retirement benefits and all settlements and curtailments have been identified and properly accounted for.

Representations required in specific circumstances

Ownership of Assets

1. Except for assets capitalised under finance leases, the Council has satisfactory title to all assets appearing in the balance sheet(s), and there are no liens or encumbrances on the Council's assets, nor has any asset been pledged as collateral. All assets to which the Council has satisfactory title appear in the balance sheet(s).

Reserves

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

Use of the Work of an Expert

Required communications with the Audit Committee

1. We agree with the findings of the experts engaged to evaluate the *valuation of assets and pension fund liabilities* and have adequately considered the qualifications of the experts in determining the amounts and disclosures included in the financial statements and the underlying accounting records. We did not give or cause any instructions to be given to the experts with respect to the values or amounts derived in an attempt to bias their work, and we are not otherwise aware of any matters that have had an effect on the independence or objectivity of the experts.

Yours Faithfully,

Chief Financial Officer and Director of Resources

I confirm that this letter has been discussed and agreed at the Audit Committee on 18 September 2013

Chairman of the Accounts Audit and Risk Committee

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