APPENDIX 1

Hertfordshire County Council

Audit Update

Year ended 31 March 2018

5th July 2018

Building a better working world

Private and Confidential

5th July 2018

Dear Audit Committee Members

We are pleased to attach our audit update for the forthcoming meeting of the Audit Committee. This report summarises our preliminary audit conclusion in relation to the audit of Hertfordshire County Council for 2017/18. We will issue our final report once we have concluded the audit.

Subject to concluding the outstanding matters listed in our report, we confirm that we expect to issue an unqualified audit opinion on the financial statements, before the statutory deadline of 31 July 2018. We also have no matters to report on your arrangements to secure economy, efficiency and effectiveness in your use of resources

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

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

We welcome the opportunity to discuss the contents of this report with you at the Audit Committee meeting on 18 July 2018.

Yours faithfully

Neil Harris

Associate Partner

For and on behalf of Ernst & Young LLP

Encl

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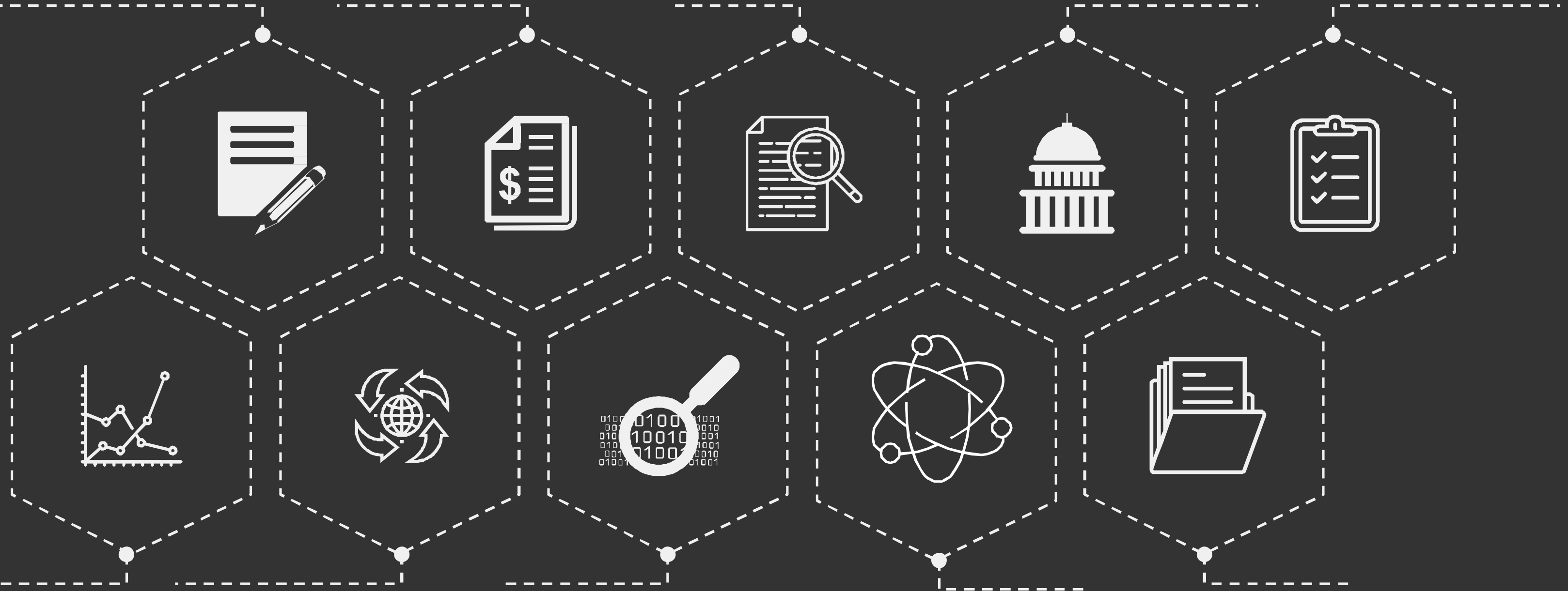

In April 2015 Public Sector Audit Appointments Ltd (PSAA) issued “Statement of responsibilities of auditors and audited bodies”. It is available from the via the PSAA website (www.PSAA.co.uk).
The Statement of responsibilities serves as the formal terms of engagement between appointed auditors and audited bodies. It summarises where the different responsibilities of auditors and audited bodies begin and end, and what is to be expected of the audited body in certain areas.
The “Terms of Appointment (updated February 2017)” issued by the PSAA sets out additional requirements that auditors must comply with, over and above those set out in the National Audit Office Code of Audit Practice (the Code) and in legislation, and covers matters of practice and procedure which are of a recurring nature.
This report is made solely to the Audit Committee and management of Hertfordshire County Council in accordance with the statement of responsibilities. Our work has been undertaken so that we might state to the Audit Committee, and management of Hertfordshire County Council those matters we are required to state to them in this report and for no other purpose. To the fullest extent permitted by law we do not accept or assume responsibility to anyone other than the Audit Committee and management of Hertfordshire County Council for this report or for the opinions we have formed. It should not be provided to any third-party without our prior written consent.

01 Executive Summary

Executive Summary

Scope update

In our audit planning report tabled at the 15 May 2018 Audit Committee meeting, we provided you with an overview of our audit scope and approach for the audit of the financial statements. We carried out our audit in accordance with this plan.

- Changes in materiality: In our Audit Committee Planning Report, we communicated that our audit procedures would be performed using a materiality of £35.7m, but that we would update this at year end. This level of materiality has reduced slightly to £34.8m for the actual results for the financial year. The basis of our assessment has remained consistent with planning at 2% of gross expenditure on provision of services. The threshold for reporting misstatements that have an effect on the primary statements (comprehensive income and expenditure statement, balance sheet, movement in reserves statement and cash flow statement is £1.7m.
- Changes in risks: In our Audit Committee Planning Report, we communicated our significant risks in relation to the accounts and VFM conclusion. Following receipt of the draft accounts and undertaking our work during the audit, the risks remain consistent with our initial assessment.

Executive Summary

Status of the audit

We are progressing our audit of Hertfordshire County Council's financial statements for the year ended 31 March 2018 and have performed the procedures outlined in our Audit planning report. Subject to satisfactory completion of the following areas of the audit we expect to issue an unqualified opinion on the Authority's financial statements in the form which appears at Section 4. However until work is complete, further amendments may arise:

Completion of work on income and expenditure

Completion of work on Property, plant and equipment

Completion of work on Pensions

Completion of work on PFI schemes

Completion of work in respect of Firefighters Pension Scheme Accounts

Completion of work in respect of Exit Packages and Officers Remuneration

Completion of work in respect of Leases

Completion of work on reserves

Completion of work on the cash flow statement

Completion of work on pooled budgets

Completion of work on Financial Instruments

Review of the final version of the financial statements

Completion of subsequent events review

Receipt of the signed management representation letter

Completion of procedures required by the National Audit Office (NAO) regarding the Whole of Government Accounts submission

Audit differences

There are currently no unadjusted audit differences arising from our audit.

Audit differences to be reported are set out in section 4.

Executive Summary

Control observations

To date we have not identified any significant deficiencies in the design or operation of an internal control that might result in a material misstatement in your financial statements and which is unknown to you.

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

Value for money

We have considered your arrangements to take informed decisions; deploy resources in a sustainable manner; and work with partners and other third parties. In our Audit Planning Report we did not identify a significant risk.

We expect to have no matters to report about your arrangements to secure economy efficiency and effectiveness in your use of resources. We have substantially completed a review of the Council's arrangements for its decision up to 31st March 2018 to establish a commercial joint venture and creation of a subsidiary company, Herts for Living Limited. We have asked some final questions and requested additional information from the Council to supports its business case and the consideration of external advice. We expect to conclude this work before the 18th July 2018 and will update the Audit Committee on any matters arising at that point.

Other reporting issues

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

We have not yet performed the procedures required by the National Audit Office (NAO) on the Whole of Government Accounts submission. We will report to the committee once these work is complete.

We have no other matters to report.

Independence

Please refer to Section 9 for our update on Independence.

02 Areas of Audit Focus

Significant risk

Management Override: Misstatements due to fraud or error

What is the risk?

The financial statements as a whole are not free of material misstatements whether caused by fraud or error due to management override of internal controls.

As identified in ISA (UK and Ireland) 240, management is in a unique position to perpetrate fraud because of its ability to manipulate accounting records directly or indirectly and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. We identify and respond to this fraud risk on every audit engagement.

For Hertfordshire County Council, we have assessed that this risk could manifest in:

- The incorrect classification of revenue spend as capital;
- The inappropriate classification of revenue spend as Revenues Expenditure Financed from Capital Under Statute (REFCUS); and
- Failure to make a prudent assessment of the Minimum Revenue Provision (MRP).
- Depreciation, impairment and revaluation losses not being completely and accurately removed from the Council's general fund balance through Movement in Reserves Statement.

What are we doing?

In response to the risk, we:

- Enquired of management about risks of fraud and the controls in place to address those risks;
- Considered the oversight given by those charged with governance of management's processes over fraud by direct enquiry;
- Considered the effectiveness of management's controls designed to address the risk of fraud;
- Reviewed and tested revenue and expenditure recognition policies;
- Tested the appropriateness of journal entries recorded in the general ledger and other adjustments made in preparing the financial statements;
- Reviewed accounting estimates for evidence of management bias;
- Reviewed and tested revenue and expenditure cut-off at the period end date;
- Tested a sample of capital expenditure and Revenue Expenditure Finances from Capital Under Statute (REFCUS) to verify that revenue costs have not been inappropriately capitalised;
- Verified that adjustments between the accounting basis and funding basis have been correctly made in accordance with the Code;
- Verified that the Minimum Revenue Provision and Capital Financing Requirement (CFR) has been calculated in according with the Code; and
- Ensured that depreciation, impairment and revaluation losses were accurately removed from the Council's general fund balance through Movement in Reserves Statement

Significant Risk

Significant risk

Risk of Management Override

What judgements are we focused on?

We focused on aspects of the financial statements where management could inappropriately inflate income or understate expenditure, primarily:

- Material accounting estimates.
- Cash income, cash expenditure and payables cut-off.
- Revenue and expenditure recognition policies.
- Journal entries.
- Unusual transactions.

What are our conclusions?

We are concluding our audit work in this area. To date this has not identified any material issues, inappropriate judgements or unusual transactions which indicate that there has been any misreporting of the Authority's financial position, that revenue or expenditure has been incorrectly recorded or that management has overridden control.

Significant risk

Property, Plant & Equipment Asset Valuation

What is the risk?

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

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

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

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

For Hertfordshire County Council, as at 31st March 2017, the fair value of the Council's property, plant and equipment was £2.27billion, of which £2.1billion of this is land and buildings. The Council's assets are revalued on a rolling three-year basis with a valuation date of 1 April 2017. There is a risk that:

- The assumptions used in the valuation of specialised assets such as schools, fire stations and libraries valued using Modern Equivalent Asset are not appropriate.
- That the valuation carried out twelve months before the year end date does not remain reasonable.
- That the assets identified for a revaluation during the financial year are not complete and accurate.

What did we do?

- We Considered the work performed by the Council's valuers, including the adequacy of the scope of the work performed, their professional capabilities and the results of their work;
- We robustly challenging the assumptions used by the valuers relating to Modern Equivalent Asset, componentisation and build cost. We will sample test key asset information used by the valuers in performing their valuation (e.g. floor plans to support valuations based on price per square metre);
- We consider the annual cycle of valuations to ensure that assets have been valued within a 3 year rolling programme as required by the Code for PPE. We will also consider if there are any specific changes to assets that have occurred and that these have been communicated to the valuer;
- We reviewed assets not subject to valuation in 2017/18 to confirm that the remaining asset base is not materially misstated;
- We considered changes to useful economic lives as a result of the most recent valuation;
- We tested accounting entries have been correctly processed in the financial statements;
- We challenged and assess the completeness of the assets identified for revaluation during the year; and
- We used of our own valuation experts where significant unexplained variations are identified or where assets are difficult to value, such as those using Modern Equivalent Asset and Depreciated Replacement Cost.

Significant risk

Property, Plant & Equipment Asset Valuation

What judgements are we focused on?

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

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

What are our conclusions?

Our work on the valuation of land and buildings is still in progress.

We are currently engaging with our EY valuations specialists on the valuations of a number of specialised assets and will update the committee at the meeting.

Significant risk

Pension Liability Valuation

What is the risk?

Pension Liability Valuation

The Local Authority Accounting Code of Practice and IAS19 require the Council to make extensive disclosures within its financial statements regarding its membership of the Local Government Pension Scheme administered by the County Council.

The Council's pension fund deficit is a material estimated balance and the Code requires that this liability be disclosed on the Council's balance sheet. At 31 March 2017 the net pension liability was £1.066billion.

The information disclosed is based on the IAS 19 report issued to the Council by the actuary to the Pension Fund.

Accounting for this scheme involves significant estimation and judgement and therefore management engages an actuary to undertake the calculations on their behalf. ISAs (UK and Ireland) 500 and 540 require us to undertake procedures on the use of management experts and the assumptions underlying fair value estimates.

What did we do?

- We put in place a programme of work and instruct the auditors of Hertfordshire Pension Fund to obtain assurances over the information supplied to the actuary in relation to Hertfordshire County Council;
- We assessed the work of the Pension Fund actuary (Hymans Robertson) including the assumptions they have used by relying on the work of PwC - Consulting Actuaries commissioned by the National Audit Office for all Local Government sector auditors, and considering any relevant reviews by the EY actuarial team; and
- We reviewed and test the accounting entries and disclosures made within the Council's financial statements in relation to IAS19.

Significant risk

Pension Liability Valuation

What judgements are we focused on?

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

- significant changes in assumptions made by the actuary; and
- the assessments of the actuary undertaken by PWC and the EY actuarial team.

What are our conclusions?

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

We have completed our IAS 19 procedures. A difference has been identified in respect of the Pension Liability of £34m to £1,030,918k from £1,065,374k and associated notes in Note 37: Defined Benefit Pension Schemes. This was identified through the reporting of the Pension Fund Auditors and arose from a material difference in the actuary's projected total fund value as at 31 March 2018 and the reported value of the fund. The estimate has increased the fund value by 1.5% and whilst this is within a reasonable range, the difference in the County Council's share of the 31st March fund value estimate and the projection to the year end is above our performance materiality level. The Council have agreed to update their estimate to reflect assumptions and data supporting the fund as at 31st March 2018.

We are currently auditing the revised notes provided by the Council and will update the Committee at the meeting.

Areas of Audit Focus

Other matters

The applicable accounting framework is CIPFA's annual Code of Practice on Local Authority Accounting in the United Kingdom (which is IFRS based as adapted for Local Authorities). The 2018/19 Code will apply to accounting periods starting on or after 1 April 2018 but has not yet been published. The 2018/19 Code will determine how IFRS 15 Revenue from Customers with Contracts will be adopted by local government bodies.

The CIPFA/LASAAC Local Authority Accounting Code Board met on 6th June 2017. This board is responsible for preparing, maintaining, developing and issuing the Code of Practice on Local Authority Accounting for the United Kingdom.

The minutes of this meeting corroborate our view that Local Authority income streams from contracts with customers are immaterial "income streams …. for local authorities [are] very substantially less material than income from taxation." (CIPFA/LASAAC Local Authority Code Board meeting - 6th June 2017 - para 11.5). Income from taxation and grants does not fall within the scope of IFRS 15 as it is not contractually based revenue from customers.

It is our view, that IFRS 15 will not have a material impact on this Council's single entity financial statements. The vast majority of the Council's income streams are taxation or grant based.

The following income streams which are within the scope of IFRS 15 are immaterial to the Council:
- fees and charges for services under statutory requirements – e.g. application fees for taxi licenses or planning fees;
- sale of goods provided by the authority – e.g. retail sales at leisure centres, concessionary sale at local authority theatres; and
- charges for services provided by a local authority – e.g. home care services, maintenance for council dwellings or transport fares.

04 Audit Differences

Audit Differences

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

Summary of adjusted differences

We highlight the following differences greater than £26m which have been corrected by management that were identified during the course of our audit

- A difference has been identified in respect of the Pension Liability of £34m to £1,030,918k from £1,065,374k and associated notes in Note 37: Defined Benefit Pension Schemes. This was identified through the reporting of the Pension Fund Auditors and arose from a material difference in the actuary’s projected total fund value as at 31 March 2018 and the reported value of the fund. The estimate has increased the fund value by 1.5% and whilst this is within a reasonable range, the difference in the County Council’s share of the 31st March fund value estimate and the projection to the year end is above our performance materiality level. The Council have agreed to update their estimate to reflect assumptions and data supporting the fund as at 31st March 2018.

We have noted some other minor amendment changes to disclosures.

There are no uncorrected misstatements to date.

08 Assessment of Control Environment

Assessment of Control Environment

Financial controls

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

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

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

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

Debtor/Creditor Testing

In order to select a representative sample of debtor and creditor item to test we require a transactional level breakdown (i.e. individual invoice or equivalent) of all open items. Within some GL accounts there are WBS (Work Breakdown Structure, i.e. Project Code) settlement codes, which include historical general ledger postings to reach a cumulative year-end position. These codes represent only a small total of the debtor (1.3%) and creditor (2.5%) balances. However, as these codes are time consuming for the finance team to clear down, the Council may wish to consider how these balances are managed in the future and whether there is a process that aids the year-end close down process.

Payroll Testing

During our payroll testing we identified some payroll leaver date inconsistencies; where in some cases the incorrect leaving date had been input into SAP. All staff were paid correctly and the matter only affects reporting. This should be reviewed for future years.

9 Independence

Confirmation

We confirm that there are no changes in our assessment of independence since our confirmation in our audit planning board report dated 30 April 2018.

We complied with the FRC Ethical Standards and the requirements of the PSAA’s Terms of Appointment. 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 which you should review, as well as us. It is important that you and your Audit Committee consider the facts known to you and come to a view. If you would like to discuss any matters concerning our independence, we will be pleased to do this at the meeting of the Audit Committee on 18 July 2018.

Relationships, services and related threats and safeguards

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

There are no relationships from 1 April 2017 to the date of this report, which we consider may reasonably be thought to bear on our independence and objectivity. / We highlight the following relationships that may be reasonably considered to bear upon our objectivity and independence. However we have adopted the safeguards noted below to mitigate these threats

Fee analysis

As part of our reporting on our independence, we set out below a summary of the fees paid for the year ended 31 March 2018.

We confirm that we have [not] undertaken non-audit work outside the PSAA Code requirements [detail any non-audit work performed…. Non-audit work is work not carried out under the Code]. We have adopted the necessary safeguards in completing this work and complied with Auditor Guidance Note 1 issued by the NAO in Month Year.

	Final Fee 2017/18	Planned Fee 2017/18	Scale Fee 2017/18	Final Fee 2016/17
	£	£	£	£
Total Audit Fee – Code work	TBC	142,067	142,067	142,067
Other non-audit services not covered above (Teacher's Pensions)	TBC	TBC	N/C	13,475

The agreed fee presented is based on the following assumptions:

- ► Officers meeting the agreed timetable of deliverables;
- ► Our accounts opinion and value for money conclusion being unqualified;
- ► Appropriate quality of documentation is provided by the Council; and
- ► The Council has 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 the Council 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.

We have yet to conclude our 2017/18 audit and are therefore not in a position to conclude on the final fee for 2017/18. We will update the Audit Committee on our final fees at the conclusion of the audit.

10 Appendices

Appendix C

Required communications with the Audit Committee

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

Required communications	What is reported?	Our Reporting to you When and where
Terms of engagement	Confirmation by the audit committee of acceptance of terms of engagement as written in the engagement letter signed by both parties.	The statement of responsibilities serves as the formal terms of engagement between the PSAA's appointed auditors and audited bodies.
Our responsibilities	Reminder of our responsibilities as set out in the engagement letter.	Audit planning report 15 May 2018
Planning and audit approach	Communication of the planned scope and timing of the audit, any limitations and the significant risks identified.	Audit planning report 15 May 2018
Significant findings from the audit	• Our view about the significant qualitative aspects of accounting practices including accounting policies, accounting estimates and financial statement disclosures • Significant difficulties, if any, encountered during the audit • Significant matters, if any, arising from the audit that were discussed with management • Written representations that we are seeking • Expected modifications to the audit report • Other matters if any, significant to the oversight of the financial reporting process	Audit planning report 15 May 2018

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		Our Reporting to you
Required communications	What is reported?	When and where
Public Interest Entities	For the audits of financial statements of public interest entities our written communications to the audit committee include: • A declaration of independence • The identity of each key audit partner • The use of non-member firms or external specialists and confirmation of their independence • The nature and frequency of communications • A description of the scope and timing of the audit • Which categories of the balance sheet have been tested substantively or controls based and explanations for significant changes to the prior year, including first year audits • Materiality • Any going concern issues identified • Any significant deficiencies in internal control identified and whether they have been resolved by management • Subject to compliance with regulations, any actual or suspected non-compliance with laws and regulations identified relevant to the audit committee • Subject to compliance with regulations, any suspicions that irregularities, including fraud with regard to the financial statements, may occur or have occurred, and the implications thereof • The valuation methods used and any changes to these including first year audits • The scope of consolidation and exclusion criteria if any and whether in accordance with the reporting framework • The completeness of documentation and explanations received • Any significant difficulties encountered in the course of the audit • Any significant matters discussed with management • Any other matters considered significant	Audit planning report 15 May 2018 Audit results report 18 July 2018

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		Our Reporting to you
Required communications	What is reported?	When and where
Going concern	Events or conditions identified that may cast significant doubt on the entity's ability to continue as a going concern, including: • Whether the events or conditions constitute a material uncertainty • Whether the use of the going concern assumption is appropriate in the preparation and presentation of the financial statements • The adequacy of related disclosures in the financial statements	Audit results report 18 July 2018 No conditions or events were identified, either individually or together to raise any doubt about Hertfordshire County Council's ability to continue for the 12 months from the date of our report
Misstatements	• Uncorrected misstatements and their effect on our audit opinion • The effect of uncorrected misstatements related to prior periods • A request that any uncorrected misstatement be corrected • Material misstatements corrected by management	Audit results report 18 July 2018
Subsequent events	• Enquiry of the audit committee where appropriate regarding whether any subsequent events have occurred that might affect the financial statements.	Audit Results report 18 July 2018
Fraud	• Enquiries of the audit committee to determine whether they have knowledge of any actual, suspected or alleged fraud affecting the Authority • Any fraud that we have identified or information we have obtained that indicates that a fraud may exist • Unless all of those charged with governance are involved in managing the Authority, any identified or suspected fraud involving: a. Management; b. Employees who have significant roles in internal control; or c. Others where the fraud results in a material misstatement in the financial statements. • The nature, timing and extent of audit procedures necessary to complete the audit when fraud involving management is suspected • Any other matters related to fraud, relevant to Audit Committee responsibility.	Audit results report 18 July 2018

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		Our Reporting to you
Required communications	What is reported?	When and where
Related parties	Significant matters arising during the audit in connection with the Authority's related parties including, when applicable: • Non-disclosure by management • Inappropriate authorisation and approval of transactions • Disagreement over disclosures • Non-compliance with laws and regulations • Difficulty in identifying the party that ultimately controls the Authority	Audit results report 18 July 2018
Independence	Communication of all significant facts and matters that bear on EY's, and all individuals involved in the audit, objectivity and independence. Communication of key elements of the audit engagement partner's consideration of independence and objectivity such as: • The principal threats • Safeguards adopted and their effectiveness • An overall assessment of threats and safeguards • Information about the general policies and process within the firm to maintain objectivity and independence Communications whenever significant judgments are made about threats to objectivity and independence and the appropriateness of safeguards put in place. For public interest entities and listed companies, communication of minimum requirements as detailed in the FRC Revised Ethical Standard 2016: • Relationships between EY, the company and senior management, its affiliates and its connected parties • Services provided by EY that may reasonably bear on the auditors' objectivity and independence • Related safeguards • Fees charged by EY analysed into appropriate categories such as statutory audit fees, tax advisory fees, other non-audit service fees • A statement of compliance with the Ethical Standard, including any non-EY firms or external experts used in the audit	Audit planning report 15 May 2018 Audit results report 18 July 2018

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		Our Reporting to you
Required communications	What is reported?	When and where
	• Details of any inconsistencies between the Ethical Standard and Group's policy for the provision of non-audit services, and any apparent breach of that policy • Details of any contingent fee arrangements for non-audit services • Where EY has determined it is appropriate to apply more restrictive rules than permitted under the Ethical Standard • The audit committee should also be provided an opportunity to discuss matters affecting auditor independence	
External confirmations	• Management's refusal for us to request confirmations • Inability to obtain relevant and reliable audit evidence from other procedures.	Audit results report 18 July 2018 We have received all requested confirmations
Consideration of laws and regulations	• Subject to compliance with applicable regulations, matters involving identified or suspected non-compliance with laws and regulations, other than those which are clearly inconsequential and the implications thereof. Instances of suspected non-compliance may also include those that are brought to our attention that are expected to occur imminently or for which there is reason to believe that they may occur • Enquiry of the audit committee into possible instances of non-compliance with laws and regulations that may have a material effect on the financial statements and that the audit committee may be aware of	Audit results report 18 July 2018 We have asked management and those charged with governance. We have not identified any material instances or non-compliance with laws and regulations
Significant deficiencies in internal controls identified during the audit	• Significant deficiencies in internal controls identified during the audit.	Audit results report 18 July 2018

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		Our Reporting to you
Required communications	What is reported?	When and where
Written representations we are requesting from management and/or those charged with governance	• Written representations we are requesting from management and/or those charged with governance	Audit results report 18 July 2018
Material inconsistencies or misstatements of fact identified in other information which management has refused to revise	• Material inconsistencies or misstatements of fact identified in other information which management has refused to revise	Audit results report 18 July 2018
Auditors report	• Any circumstances identified that affect the form and content of our auditor's report	Audit results report 18 July 2018
Fee Reporting	• Breakdown of fee information when the audit planning report is agreed • Breakdown of fee information at the completion of the audit • Any non-audit work	Audit planning report 15 May 2018 Audit results report 18 July 2018

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