



Central Bedfordshire Council
Year ending 31 March 2013

Audit Plan

25 March 2013

Audit Committee
Central Bedfordshire Council
Priory House
Monks walk
Chicksands
Shefford
Bedfordshire SG17 5TQ

25 March 2013

Dear Member

Audit Plan

We are pleased to attach our Audit Plan which sets out how we intend to carry out our responsibilities as auditor. The purpose of this report is to provide the Audit Committee with a basis to review our proposed audit approach and scope for the 2012-2013 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 the Council, and outlines our planned audit strategy in response to those risks.

We welcome the opportunity to discuss this report with you on 8 April 2013 as well as understand whether there are other matters which you consider may influence our audit.

Yours faithfully



Mick West
Director
For and behalf of Ernst & Young LLP

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Contents

1. Overview	1
2. Financial statement risks.....	3
3. Economy, efficiency and effectiveness	4
4. Certification work	6
5. Our audit process and strategy	7
6. Independence	12
Appendix A Fees	15
Appendix B UK required communications with those charged with governance	16

1. Overview

1.1 Context for the audit

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

- ▶ Our audit opinion on whether the Council's financial statements give a true and fair view of its financial position as at 31 March 2013 and of its income and expenditure for the year then ended
- ▶ A 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 the Whole of Government Accounts return.

The audit plan sets out the programme of certification work.

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
- ▶ Management's views on all of the above

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

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

In part 2 and 3 of this report we provide more detail on our assessment of the risk that we reach the wrong opinion or value for money conclusion. We have identified no significant risks that we have to report to the Audit Committee.

In part 4 we provide detail of the certification work.

Details of our audit process and strategy are set out in more detail in section 5, and summarised below.

1.2 Our process and strategy

1.2.1 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 carry out an initial assessment of materiality using the financial statements for 2011-12 but will update this when we receive the draft and final financial statements. Our audit is designed to identify errors above materiality.

We aim to rely on the Council's internal controls in key processes to the fullest extent allowed by auditing standards. We identify the controls we consider important. Where control failures are identified we look for alternative assurance which may involve additional audit work. We report significant deficiencies in internal control to the Audit Committee.

To the fullest extent permissible by auditing standards, we will seek to place reliance on the work of internal audit wherever possible. Internal audit maintain documentation of key processes, and document and evaluate changes. We aim to rely on this work to confirm our understanding of the more significant financial systems. This year we will carry out the testing of controls we have identified as important. We will work with internal audit to determine a programme for the testing of these controls in future years.

There has been no change to the scope of our audit compared to previous audits.

1.2.2 Arrangements for securing economy, efficiency and effectiveness

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

We have considered the risks relevant to our value for money conclusion and have not identified any significant risks requiring specific risk-based work. We will keep our risk assessment under review taking into account: our discussions with the Council; our review of reports and minutes; the results of internal audit work; our opinion and certification work; review of the Annual Governance Statement; and the work of other regulators.

1.2.3 Certification work

Certification work is prescribed by the Audit Commission in certification instructions. We adopt a risk based approach and rely on internal controls, internal audit work and benefits staff testing to the fullest extent possible.

2. Financial statement risks

We outline below our assessment of the key strategic or operational risks and the financial statement risks facing Central Bedfordshire Council, identified through our knowledge of the entity's operations and discussion with members and officers. We identified no significant risks.

Significant risks (including fraud risks)	Our audit approach
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Risk description	
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No significant risks have been identified	
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	► n/a
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Financial statement risks	Our audit approach
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HRA accounting	
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In April 2012, the Localism Act 2011 replaced the current subsidy method of financing the Housing Revenue Account (HRA) with a system of self-financing.	
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The CIPFA Code of Practice on Local Authority Accounting in the United Kingdom 2012-13 and CIPFA's Code guidance notes provide guidance on the accounting changes arising from the introduction of self-financing.	
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	Our approach will focus on:
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	► Arrangements for complying with the Code requirements for accounting for the HRA, in particular accounting for depreciation, impairments, debt premiums and discounts.
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Risk of misstatement due to fraud and error	
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Management has the primary responsibility to prevent and detect fraud. It is important that management, with the oversight of those charged with governance, has put in place a culture of ethical behaviour and a strong control environment that both deters and prevents fraud.	
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Our responsibility is to plan and perform audits to obtain reasonable assurance about whether the financial statements as a whole are free of material misstatements whether caused by error or fraud. As auditors, we approach each engagement with a questioning mind that accepts the possibility that a material misstatement due to fraud could occur, and design the appropriate procedures to consider such risk.	
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	Based on the requirements of auditing standards our approach will focus on:
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| | ► Identifying fraud risks during the planning stages |
| | ► Inquiry of management about risks of fraud and the controls put in place to address those risks |
| | ► Understanding the oversight given by the Audit Committee, as those charged with governance, of management's processes over fraud |
| | ► Consideration of the effectiveness of management's controls designed to address the risk of fraud |
| | ► Determining an appropriate strategy to address those identified risks of fraud. |
| | ► Performing mandatory procedures regardless of specifically identified fraud risks |

	We will consider the results of the National Fraud Initiative and may make reference to it in our reporting.
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3. Economy, efficiency and effectiveness

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

- Financial resilience
- Economy, efficiency and effectiveness in the use of resources

At the date of this report we have identified no significant risks that require us to undertake any additional specific risk-based work. The table below provides a high-level summary of our risk assessment and our proposed response to those risks.

Significant risks	Impacts arrangements for securing:	Our audit approach
Risk description		
No significant risks have been identified		► n/a
Other risks	Impacts arrangements for securing:	Our audit approach
Financial pressures		
In the ongoing economic climate and tighter local government financial settlement, councils' resources are under growing pressure. The Council's 2013-14 budget includes identified efficiency savings of £16.1million. The Council has a good track record of financial management and the most recent budget monitoring report confirms that the 2012-13 budget is on track.	Financial resilience	Our approach will focus on reviewing: ► The achievement of the planned savings in 2012-13
The Medium Term Financial Plan includes a further £29.3 million of efficiencies over the next three years, £18.2 million of which have been identified.		
We will continue to monitor the 2012-13 revenue position and review the year end outturn.		

Significant risks	Impacts arrangements for securing:	Our audit approach
Delivering services		
<p>Given the pressure on the Council's finances the delivery of value for money through its expenditure becomes ever more important.</p> <p>The Audit Commission's value for money profiles, based on 2011-12 data, place Central Bedfordshire in the highest 10% of its statistical nearest neighbours for the average number of days taken to:</p> <ul style="list-style-type: none"> - process housing and council tax benefits changes of circumstance, and - process housing and council tax benefits new claims <p>The audit of the housing and council tax benefit claims in the past three year identified a number of cases where benefits had been assessed incorrectly. We are aware that the Council has provided training and put in place quality assurance processes to address these issues and that good progress has been made in reducing processing times..</p>	<p>Economy, efficiency and effectiveness</p>	<p>Our approach will focus on reviewing:</p> <ul style="list-style-type: none"> ▶ Current performance in processing new claims and changes in circumstances ▶ Arrangements in place to improve performance in processing benefits claims and changes of circumstances ▶ Arrangements in place to reduce the number of errors in benefit assessments.

4. Certification work

Certification work involves executing prescribed tests which are designed to give reasonable assurance that claims and returns are fairly stated and in accordance with specified terms and conditions. Certification work is not an audit.

The work necessary varies according to the value of the claim or return and the requirements of the government department or grant-paying body. Broadly for claims and returns:

- ▶ Below £125,000 - we carry out no work
- ▶ From £125,000 and £500,000 - we undertake limited tests to agree form entries to underlying records, but do not test the expenditure or data is eligible
- ▶ Over £500,000 - we plan and perform our work following the certification instruction. We assess the control environment for preparing the claim or return and decide how much we can rely on the controls. Based on our assessment, we tailor our approach to agree form entries to underlying records and test the expenditure or data is eligible.

We are planning to carry out certification work for the:

- ▶ Housing and council tax benefit scheme - based on previous experience we expect to carry out extended testing known as 40+ testing on up to nineteen areas of the claim
- ▶ National non domestic rates return - we will carry out full testing using our assessment of the control environment to inform our decision on the level of testing
- ▶ Teachers' pensions return - we will carry out full testing
- ▶ Pooling of housing capital receipts return - we will carry out full testing as well.

Where possible we integrate our certification work with our opinion and other work. We also aim to rely on the work of internal audit and benefits staff where possible.

We will report to the Audit Committee the results of our certification work.

The Audit Commission has set a composite indicative fee for certification work for each body. The indicative fee is based on actual certification fees for 2010-11 adjusted to reflect the fact that a number of schemes will no longer require auditor certification, and incorporating a 40 per cent reduction.

The indicative fees are based on the expectation that audited bodies are able to provide the auditor with complete and materially accurate claims and returns, with supporting working papers, within agreed timeframes.

5. Our audit process and strategy

5.1 Objective and scope of our audit

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

- ▶ Financial statements
- ▶ Arrangements for securing economy, efficiency and effectiveness in its use of resources

We issue a two-part auditor's report covering both of these objectives.

5.1.1 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 the Whole of Government Accounts return

5.1.2 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.
- ▶ 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.

5.2 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 internal audit
- ▶ Reliance on the work of other auditors where appropriate
- ▶ Reliance on the work of experts in relation to areas such as pensions and valuations
- ▶ Substantive tests of detail of transactions and amounts.

5.2.1 Processes

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

- ▶ General ledger including journals
- ▶ Cash and bank
- ▶ Payroll
- ▶ Accounts payable (including Carlisle, BUPA, Amey and payments in respect of waste management)
- ▶ Accounts receivable
- ▶ Housing and council tax benefits
- ▶ Housing rents

We will carry out substantive testing on Council Tax, business rates (National Non Domestic Rates), treasury management and fixed assets as we consider this to be the most efficient testing approach for these processes.

Internal audit has issued a limited assurance opinion on the payroll system. In addition, it has found that controls in the SWIFT (social care payments) system that we would seek to place reliance on are not working. We will carry out substantive testing on both payroll and expenditure made through the SWIFT system in 2012-13.

5.2.2 Analytics

We will use our computer-based analytics tools to enable us to capture whole populations of financial data, in particular in respect of payroll, cash payments and receipts and journal entries. These tools:

- ▶ Help identify specific exceptions and anomalies which can then be subject to more traditional substantive audit tests
- ▶ 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 Committee.

5.2.3 Internal audit

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

5.2.4 Use of experts

We will utilise specialist Ernst & Young resource, as necessary, to help us to form a view on judgments made in the financial statements.

5.2.5 Other procedures

In addition to the key areas of emphasis outlined, we have to 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 on:

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

5.3 Materiality

For the purposes of determining whether the accounts are free from material error, we define materiality as the magnitude of an omission or misstatement that, individually or in the aggregate, in light of the surrounding circumstances, could reasonably be expected to influence the users of the financial statements. Our evaluation of it requires professional judgement and necessarily takes into account qualitative as well as quantitative considerations implicit in the definition. We would be happy to discuss with the Council its expectations regarding our detection of misstatements in the financial statements.

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 this amount will be presented in our year-end report

5.4 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 £184,885, together with an estimated fee of £45,350 for the certification of claims and returns.

5.5 The audit team

The engagement team is led by Mick West, Director, who has significant experience on unitary authorities. Mick is supported by Cathy O'Carroll, Manager, who is responsible for the day-to-day direction of audit work and who is the key point of contact for the Chief Finance Officer.

5.6 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 conclusion work and the Whole of Government Accounts; and the deliverables we have agreed to provide through the Audit Committee cycle in 2013. These dates are determined to ensure our alignment with the Audit Commission's rolling calendar of deadlines.

We will provide a formal report to the Audit Committee in September, incorporating the outputs from our year-end procedures. From time to time matters may arise that require immediate communication with the Audit Committee and we will discuss them with the Audit Committee Chairman as appropriate.

Following the conclusion of our audit we will prepare an annual audit 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 Committee timetable	Deliverables
High level planning:	December 2012		
Risk assessment and setting of scopes	December - January 2013	Audit Committee	Audit fee letter
Testing of routine processes and controls	February - April	Audit Committee	Audit plan Interim report (if required)
Value for money conclusion	February - April		
Year-end audit	July - September	Audit Committee	Report to those charged with governance. Auditor's 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. Auditor's report on the Whole of Government Accounts (WGA) return.
Reporting	October		Annual audit letter
Grant claims	December	Annual certification work report	Grant claims

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

6. Independence

6.1 Introduction

The APB Ethical Standards and ISA (UK and Ireland) 260 "Communication of audit matters with those charged with governance", requires us to communicate 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 governance on matters in which the Audit Committee has an interest.

Required communications

Planning stage	Final stage
<ul style="list-style-type: none"> ▶ The principal threats, if any, to objectivity and independence identified by Ernst & Young (EY) including consideration of all relationships between the Council, its affiliates and directors and us. ▶ The safeguards adopted and the reasons why they are considered to be effective, including any Engagement Quality review. ▶ The overall assessment of threats and safeguards ▶ Information about the general policies and process within EY to maintain objectivity and independence 	<ul style="list-style-type: none"> ▶ 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. ▶ Details of non-audit services provided and the fees charged in relation thereto. ▶ Written confirmation that we are independent. ▶ Details of any inconsistencies between APB Ethical Standards, the Audit Commission's Standing Guidance and Council policy for the supply of non-audit services by EY and any apparent breach of that policy. ▶ An opportunity to discuss auditor independence issues

In addition, during the course of the audit, we are required to communicate 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 Ernst & Young and our network firms have charged to the Council and its affiliates for the provision of services during the reporting period, analysed in appropriate categories, are disclosed.

6.2 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.

6.2.1 Self interest threats

A self interest threat arises when Ernst & Young has financial or other interests in the entity. Examples include where we have an investment in the 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 the Council. 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 the Council has 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 the Council. 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 the Council, in compliance with Ethical Standard 4.

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

6.2.2 Self review threats

Self review threats arise when the results of a non-audit service performed by Ernst & Young or others within the Ernst & Young 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.

6.2.3 Management threats

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

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

6.2.4 Other threats

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

6.2.5 Overall Assessment

Overall, we consider that the safeguards that have been adopted appropriately mitigate the principal threats identified and we therefore confirm that Ernst & Young is independent and the objectivity and independence of Mick West, the audit engagement lead and the audit engagement team have not been compromised.

6.3 Other required communications

Ernst & Young 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 Ernst & Young for maintaining objectivity and independence can be found in the 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
Audit Fee - Code work	£184,885	£308,142	Reduction in line with Audit Commission announcement on scale fees
Certification of claims and returns	£45,350	£90,006	The 2011-12 fee includes £10,760 on follow up work on the 2010-11 housing and council tax benefit claim.

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

- ▶ Officers meeting the agreed timetable of deliverables
- ▶ We are able to place reliance, as planned, on the work of internal audit
- ▶ The level of risk in relation to the audit of accounts is consistent with that in the prior year
- ▶ No significant changes being made by the Audit Commission to the use of resources criteria on which our conclusion will be based
- ▶ Our financial statements opinion and use of resources conclusion being unqualified
- ▶ Appropriate quality of documentation is provided by the audited body
- ▶ An effective control environment is in place

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 Chief Finance Officer and Audit Committee 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.

The fee for the certification of grant claims and returns is based on the indicative scale fee set by the Audit Commission. The Audit Commission has set a composite indicative fee for certification work for each body. The indicative fee is based on actual certification fees for 2010-11 adjusted to reflect the fact that a number of schemes will no longer require auditor certification, and incorporating a 40 per cent reduction.

Appendix B UK required communications with those charged with governance

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

Required communication	Reference
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 that we are seeking ▶ Circumstances that lead to an expected modification to the auditor's opinion and the proposed wording of the modification ▶ Other matters if any, significant to the oversight of the financial reporting process ▶ Findings and issues regarding the opening balance on initial audits 	Report to those charged with governance
Misstatements <ul style="list-style-type: none"> ▶ 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 ▶ In writing, corrected misstatements that are significant 	Report to those charged with governance
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 entity ▶ Any fraud that we have identified or information we have obtained that indicates that a fraud may exist ▶ A discussion of any other matters related to fraud 	Report to those charged with governance
Related parties Significant matters arising during the audit in connection with the entity'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 	Report to those charged with governance

Required communication	Reference
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 	Report to those charged with governance
Consideration of laws and regulations <ul style="list-style-type: none"> ▶ Audit findings regarding non-compliance where the non-compliance is material and believed to be intentional. This communication is subject to compliance with legislation on tipping off ▶ 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 	Report to those charged with governance
Independence Communication of all significant facts and matters that bear on Ernst & Young's objectivity and independence Communication of key elements of the audit engagement partner's consideration of independence and objectivity such as: <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 	Audit Plan Report to those charged with governance
Going concern Events or conditions identified that may cast significant doubt on the entity's ability to continue as a going concern, including: <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 	Report to those charged with governance
Significant deficiencies in internal controls identified during the audit	Report to those charged with governance
Opening Balances (initial audits) <ul style="list-style-type: none"> ▶ Findings and issues regarding the opening balance of initial audits 	Report to those charged with governance
Certification work <ul style="list-style-type: none"> ▶ Summary of certification work undertaken 	Annual Report to those charged with governance summarising grant certification, and Annual Audit Letter if considered necessary

Fee Information

- | | |
|---|---|
| <ul style="list-style-type: none">▶ Breakdown of fee information at the agreement of the initial audit plan▶ Breakdown of fee information at the completion of the audit | <p>Audit Plan
Report to those
charged with
governance and
Annual Audit Letter if
considered necessary</p> |
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