

Audit Plan

Year end 31 March 2014

Central Bedfordshire Council

5 March 2014



Building a better
working world

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

5 March 2014

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 2014 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 31 March 2014 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
Enc

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1. Overview

Context for the audit

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

- ▶ Our audit opinion on whether the financial statements give a true and fair view of the financial position as at 31 March 2014 and of the income and expenditure for the year then ended
- ▶ A conclusion on arrangements to secure economy, efficiency and effectiveness – the value for money conclusion

We will also review and report to the National Audit Office (NAO), to the extent and in the form required by them, on your Whole of Government Accounts return.

When planning the audit we take into account several key inputs:

- ▶ Strategic, operational and financial risks relevant to the financial statements and value for money conclusion
- ▶ 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 section 2 and 3 of this report we provide more detail on our assessment of the risks that we reach the wrong opinion or value for money conclusion. In section 4 we provide detail of the certification work. Our audit process and strategy are set out in more detail in section 5, and summarised below.

As part of our planning we identified:

- ▶ Management override as a significant risk based on the requirements of auditing standards
- ▶ The new arrangements for business rates as an area for audit attention in our financial statement work
- ▶ The continued financial pressures that the Council faces and how it manages its Medium Term Financial Plan as an area we will review as part of our value for money conclusion work
- ▶ Reviewing in our value for money conclusion work progress in improving the performance in processing council and housing benefits changes in circumstances and reducing the number of errors in benefit assessments

Financial statements audit

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

We aim to rely on the internal controls in key financial systems to the fullest extent allowed by auditing standards. We identify the controls we consider important and seek to place reliance on internal audit's testing of those controls. Where control failures are identified we consider the most appropriate steps to take.

We seek to place reliance on the work of internal audit wherever possible. We have already liaised with internal audit and have commenced our review and re-performance of its work.

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

Value for money conclusion

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.

Certification work

There is no longer a requirement to certify business rates returns or the council tax benefits subsidy claims under Audit Commission certification arrangements.

2. Financial statement risks

We outline below our assessment of the financial statement risks facing the Council, identified through our knowledge of the entity's operations and discussion with members and officers. A significant risk is an identified assessed risk of material misstatement that, in an auditor's judgement, requires special audit consideration.

Significant risks (including fraud risks)	Our audit approach
Risk of management override	
As identified in ISA (UK & Ireland) 240, management is in a unique position to perpetrate fraud because of their ability to directly or indirectly manipulate accounting records 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.	<p>Our approach will focus on:</p> <ul style="list-style-type: none"> Testing the appropriateness of journal entries recorded in the general ledger and other adjustments made in the preparation of the financial statements Reviewing accounting estimates for evidence of management bias Evaluating the business rationale for significant unusual transactions
Other financial statement risks	Our audit approach
Localisation of National Non-Domestic Rates	
There have been changes in how the Council must account for business rates from 2013-14 following the localisation of the scheme. Councils must now account for provision for appeals. In addition there are new calculations and presentation of entries including tariffs/ top-ups.	<p>Our approach will focus on:</p> <ul style="list-style-type: none"> Review of the controls and staff preparation Review and testing of the calculation of provisions and revised disclosures

Respective responsibilities in relation to fraud and error

We would like to take this opportunity to remind you that 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.

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.

Based on the requirements of auditing standards our approach will focus on:

- ▶ 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 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.

3. Economy, efficiency and effectiveness

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

- ▶ For securing financial resilience
- ▶ To secure economy, efficiency and effectiveness in the use of resources

Our initial work includes:

- ▶ Discussions with officers
- ▶ Discussions with internal audit
- ▶ Reviewing reports and minutes
- ▶ Reviewing the risk register
- ▶ Our financial statements audit planning
- ▶ Attending the Audit Committee

At the date of this report we have identified no significant risks. These are risks that would require specific risk-based work to ensure we can issue a safe value for money conclusion. However, we have identified the following key areas that we will consider to support our value for money conclusion.

Other risks	Impacts arrangements for securing:	Our audit approach
Managing Finances		
<p>The current financial pressure on local authorities and the impact and necessity for continuous focus on financial resilience and use of resources represents a significant challenge over the medium term. In addition changes to the arrangements for funding council tax support and the business rate retention scheme, along with the transfer of responsibility for public health, bring added uncertainty to the medium term financial strategy</p>	<p>Economy, efficiency and effectiveness</p> <p>Financial resilience</p>	<p>Our approach will focus on: Reviewing the Council's Medium Term Financial Plan</p>

Delivering services

Given the pressure on the Council's finances the delivery of value for money through its expenditure becomes ever more important.

The Audit Commission's value for money profiles, based on 2012-13 data, place Central Bedfordshire in the highest 10% of its statistical nearest neighbours for the average number of days taken to process housing and council tax benefits changes of circumstance

The audit of the housing and council tax benefit claims in previous years has continued to identify a number of cases where benefits have 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 there have been improvements in the processing times for new claims.

Economy, efficiency and effectiveness

Our approach will focus on reviewing:

Current performance in processing changes in 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 benefit scheme – based on previous experience we expect to carry out extended testing, known as 40+ testing, on up to thirteen areas of the claim (this estimate excludes the 40+ testing carried out in council tax cells in previous years).
- ▶ Teachers' Pensions return – based on previous experience we expect to carry out extended testing on this return to ensure that issues reported in the 2012-13 qualification letter have been addressed.

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 2011-12 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

Objective and scope of our audit

Under the Audit Commission's Code of Audit Practice (Code), dated March 2010, our principle 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 audit report covering both of these objectives.

Financial statements 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.

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 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.

Audit process overview

Our audit involves:

- ▶ Assessing the key internal controls in place and testing the operation of these controls
- ▶ Review and re-performance of the work of your internal auditors
- ▶ Reliance on the work of other auditors where appropriate
- ▶ Reliance on the work of experts in relation to areas such as pensions and valuations
- ▶ Substantive tests of detail of transactions and amounts

Processes

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

- ▶ General ledger including journals
- ▶ Cash and bank
- ▶ Business rates
- ▶ Council tax
- ▶ 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 treasury management and fixed assets as we consider this to be the most efficient testing approach for these processes. Last year we also carried out substantive testing on the payroll and SWIFT (social care payments) systems as Internal Audit (IA) had issued limited assurance opinions on both systems. For 2013-14, IA work to date on payroll indicates that the system will receive an adequate opinion this year. IA work on the SWIFT system is still in progress. Given the history of limited opinions for both of these systems we will carry out substantive testing again in 2013-14 and consider controls testing for the 2014-15 audit.

Analytics

We will use our computer-based analytics tools to enable us to capture whole populations of your financial data, in particular in respect of payroll 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.

Internal audit

As in prior years, 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.

We will seek to place reliance on the work of internal audit wherever possible in line with auditing standards.

Use of experts

We will utilise specialist EY resource, as necessary, to help us to form a view on judgments made in the financial statements. Our plan currently includes the involvement of specialists in pensions to assess the work undertaken by the actuary to the scheme.

Other procedures

We perform other procedures as required by auditing, ethical and independence standards, the Code and other regulations. We outline as follows the procedures we will undertake during the course of our audit.

Mandatory procedures required by auditing standards on:

- ▶ Addressing the risk of fraud and error
- ▶ Significant disclosures included in the financial statements
- ▶ Entity-wide controls
- ▶ Reading other information contained in the financial statements and reporting whether it is inconsistent with our understanding and the financial statements
- ▶ Auditor independence

Procedures required by the Code

- ▶ Reviewing, and reporting on as appropriate, other information published with the financial statements, including the Annual Governance Statement
- ▶ 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

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 have determined that overall materiality for the financial statements is £9.8m based on 2% of gross service expenditure.

We will communicate uncorrected audit misstatements greater than £0.5m to you.

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.

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 is £184,885 together with an estimated fee of £52,100 for the certification of claims and returns.

Your audit team

The engagement team is led by Mick West, who has significant experience in the local government sector. 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.

Timetable of communication, deliverables and insights

We have set out below a timetable showing the key stages of the audit, including the value for money work and the Whole of Government Accounts; and the deliverables we have agreed to provide to you through the Audit Committee cycle in 2014. These dates are determined to ensure our alignment with the Audit Commission's rolling calendar of deadlines.

We will report to the Audit Committee throughout our audit process as outlined below. Where required, we will issue an interim report, summarising the findings from our audit at that stage. From time to time matters may arise that require immediate communication with the Committee and we will discuss them with the 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:	January 2014		Audit fee letter
Risk assessment and setting of scopes	January – March	March	Audit plan
Testing of routine processes and controls	March/April	June	Progress report (If required)
Value for money conclusion	February – June	June	Progress report (If required)
Year-end audit including WGA	July – September		
Reporting		September	Report to those charged with governance Auditor's report (including our opinion on the financial statements and value for money conclusion) Audit completion certificate
Reporting	November	January 2015	Annual audit letter*
Grant claims	January 2015	January 2015	Certification of claims and returns annual report 2013-14

* The Annual Audit Letter is issued prior to 30 November. As the Audit Committee does not meet until January 2015, we will endeavour to bring this to the September meeting, or send the letter to the section 151 officer to forward to Committee members ahead of the January 2015 Committee meeting.

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

6. Independence

Introduction

The APB Ethical Standards and ISA (UK and Ireland) 260 “Communication of audit matters with those charged with governance”, requires us to communicate with you on a timely basis on all significant facts and matters that bear upon our independence and objectivity. The Ethical Standards, as revised in December 2010, require that we communicate formally both at the planning stage and at the conclusion of the audit, as well as during the course of the audit if appropriate. The aim of these communications is to ensure full and fair disclosure by us to those charged with your governance on matters in which you have an interest.

Required communications	
Planning stage	Final stage
<ul style="list-style-type: none"> ▶ The principal threats, if any, to objectivity and independence identified by EY including consideration of all relationships between you, your 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 your 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 with you whenever any significant judgements are made about threats to objectivity and independence and the appropriateness of safeguards put in place, for example, when accepting an engagement to provide non-audit services.

We also provide information on any contingent fee arrangements, the amounts of any future services that have been contracted, and details of any written proposal to provide non-audit services that has been submitted.

We ensure that the total amount of fees that EY and our network firms have charged to you and your affiliates for the provision of services during the reporting period, analysed in appropriate categories, are disclosed.

Relationships, services and related threats and safeguards

We highlight the following significant facts and matters that may be reasonably considered to bear upon our objectivity and independence, including the principal threats, if any. However we have adopted the safeguards noted below to mitigate these threats along with the reasons why they are considered to be effective.

Self-interest threats

A self-interest threat arises when EY has financial or other interests in your entity. Examples include where we have an investment in your entity; where we receive significant fees in respect of non-audit services; where we need to recover long outstanding fees; or where we enter into a business relationship with you. At the time of writing, there are no long outstanding fees.

We believe that it is appropriate for us to undertake permissible non-audit services and we will comply with the policies that you have approved and that are in compliance with the Audit Commission's Standing Guidance.

A self-interest threat may also arise if members of our audit engagement team have objectives or are rewarded in relation to sales of non-audit services to you. We confirm that no member of our audit engagement team, including those from other service lines, has objectives or is rewarded in relation to sales to you, in compliance with Ethical Standard 4.

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

Self-review threats

Self-review threats arise when the results of a non-audit service performed by EY or others within the EY network are reflected in the amounts included or disclosed in the financial statements.

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

Management threats

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

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

Other threats

Other threats, such as advocacy, familiarity or intimidation, may arise.

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

Overall Assessment

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

Other required communications

EY has policies and procedures that instil professional values as part of firm culture and ensure that the highest standards of objectivity, independence and integrity are maintained.

Details of the key policies and processes in place within EY for maintaining objectivity and independence can be found in our annual Transparency Report which the firm is required to publish by law. The most recent version of this Report is for the year ended 28 June 2013 and can be found here:

[UK 2013 Transparency Report](#)

Appendix A Fees

A breakdown of our agreed fee is shown below.

	Planned Fee 2013-14	Actual Fee 2012-13
Total audit fee – Code work	£184,885	£184,885
Certification of claims and returns	£52,100	£45,350£
Non-audit work	Nil	Nil

*Our fee for the certification of grant claims is based on the indicative scale fee set by the Audit Commission.

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 accounts opinion and value for money conclusion being unqualified
- ▶ Appropriate quality of documentation is provided by the audited body and audit queries addressed promptly
- ▶ There is an effective control environment

If any of the above assumptions prove to be unfounded, we will seek a variation to the agreed fee. This will be discussed with you in advance.

Fees for the auditor's consideration of correspondence from the public and formal objections will be charged in addition to the scale fee.

The 2013-14 certification work fee is based on the actual 2011-12 certification fee for claims and returns that continue to be certified under the Audit Commission arrangements reduced by the Commission's general 40% fee reduction. The 2012-13 indicative fee was based on 2010-11 fees for continuing claims and returns less the 40% reduction. The increase in fee is mainly due to:

- ▶ An increase in the level of benefits work reflected in the 2013-14 indicative fee (about £9,000)
- ▶ A reduction for the non-domestic business rates return no longer certified (about £2,000)

The amount of work on benefits changes from year to year and the fee does not yet reflect any reduction for council tax benefits dropping out of the benefits subsidy claim.

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
<p>Planning and audit approach</p> <p>Communication of the planned scope and timing of the audit including any limitations.</p>	Audit plan
<p>Significant findings from the audit</p> <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 ▶ Expected modifications to the auditor's report ▶ Other matters if any, significant to the oversight of the financial reporting process 	Report to those charged with governance
<p>Misstatements</p> <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
<p>Fraud</p> <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
<p>Related parties</p> <p>Significant matters arising during the audit in connection with the entity's related parties including, when applicable:</p> <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 entity 	Report to those charged with governance
<p>External confirmations</p> <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
<p>Consideration of laws and regulations</p> <ul style="list-style-type: none"> ▶ Audit findings regarding non-compliance where the non- 	Report to those charged with

Required communication	Reference
<p>compliance is material and believed to be intentional. This communication is subject to compliance with legislation on tipping off</p> <ul style="list-style-type: none"> ▶ 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 	governance
<p>Independence</p> <p>Communication of all significant facts and matters that bear on EYs 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</p> <p>Report to those charged with governance</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>Report to those charged with governance</p>
<p>Significant deficiencies in internal controls identified during the audit</p>	<p>Report to those charged with governance</p>
<p>Certification work</p> <ul style="list-style-type: none"> ▶ Summary of certification work undertaken 	<p>Annual report to those charged with governance summarising grant certification</p> <p>Annual audit letter if considered necessary</p>
<p>Fee Information</p> <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</p> <p>Report to those charged with governance and Annual audit letter if considered necessary</p>

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