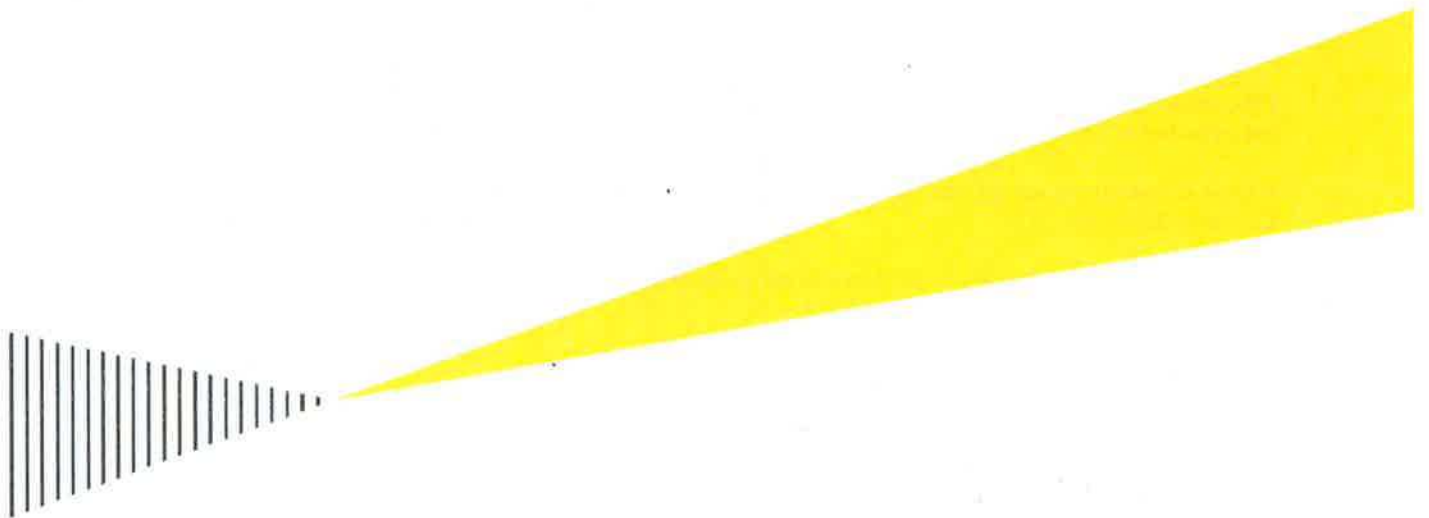


Oxford City Council

Audit results report for the year ended 31 March 2013

17 September 2013

Ernst & Young LLP





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INVESTOR IN PEOPLE

Private and confidential

Audit and Governance Committee
Oxford City Council
Town Hall
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17 September 2013

Dear Members

Audit results report

We are pleased to attach our audit results report for the forthcoming meeting of the Audit and Governance Committee. This report summarises our preliminary audit conclusion in relation to Oxford City Council's (the Authority's) financial position and results of operations for 2012/13. We will issue our final conclusion after the Audit Committee scheduled for 26 September 2013.

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

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

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

We welcome the opportunity to discuss the contents of this report with you at the Audit Committee meeting scheduled on 26 September 2013.

Yours faithfully

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

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In March 2010 the Audit Commission issued a revised version of the 'Statement of responsibilities of auditors and audited bodies' (Statement of responsibilities). It is available from the Chief Executive of each audited body and via the [Audit Commission's website](#).

The Statement of responsibilities serves as the formal terms of engagement between the Audit Commission's appointed auditors and audited bodies. It summarises where the different responsibilities of auditors and audited bodies begin and end, and what is to be expected of the audited body in certain areas.

The Standing Guidance serves as our terms of appointment as auditors appointed by the Audit Commission. The Standing Guidance sets out additional requirements that auditors must comply with, over and above those set out in the Code of Audit Practice 2010 (the Code) and statute, and covers matters of practice and procedure which are of a recurring nature.

This Audit Results Report is prepared in the context of the Statement of responsibilities. It is addressed to the Members of the audited body, and is prepared for their sole use. We, as appointed auditor, take no responsibility to any third party.

Our Complaints Procedure – If at any time you would like to discuss with us how our service to you could be improved, or if you are dissatisfied with the service you are receiving, you may take the issue up with your usual partner or director contact. If you prefer an alternative route, please contact Steve Varley, our Managing Partner, 1 More London Place, London SE1 2AF. We undertake to look into any complaint carefully and promptly and to do all we can to explain the position to you. Should you remain dissatisfied with any aspect of our service, you may of course take matters up with our professional institute. We can provide further information on how you may contact our professional institute.

1. Overview of the financial statement audit

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

As auditors we are responsible for:

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

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

Financial statements

Following the performance of the procedures outlined in our Audit Plan, we anticipate issuing an unqualified opinion on the Authority's financial statements. The audit certificate is issued to demonstrate that the full requirements of the Audit Commission's Code of Audit (Practice) have been discharged for the relevant audit year. We expect to issue the audit certificate at the same time as the Audit Opinion. I am pleased to report that the audit progressed smoothly with a good standard of working papers provided. The number and scale of the errors is much reduced from prior years.

Our main findings in relation to the areas of risk included in our Audit Plan are set out below.

Significant risks (including fraud risks) highlighted in our Audit Plan:

Asset Management: Audit findings and conclusions

No material errors found in 2012/13. Disclosures materially correct.

Accounting for the new HRA requirements: Audit findings and conclusions

We found that the Council had appropriate procedures in place

Apportionment of overheads: Audit findings and conclusions

Our testing did not identify any errors and allowed us to conclude that overheads had been apportioned appropriately.

Risk of misstatement due to fraud and error: Audit findings and conclusions

Our work did not identify any evidence of material fraud or error.

Economy, efficiency and effectiveness

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

Whole of Government accounts

We have completed the work required to issue our report to the National Audit Office on the accuracy of the consolidation pack the Authority is required to prepare for the Whole of Government Accounts. We have no issues to report.

Control themes and observations

Our audit did not identify any significant control issues.

Summary of audit differences

Our audit identified one misstatement in the accounts presented for audit above our reporting threshold and is summarised below.

-
- ▶ Management have corrected misstatements amounting to £2.4m. These adjustments have not impacted on useable reserves.
-

2. Scope update

Our 2012/13 audit work has been undertaken in accordance with the Audit Plan issued on 14 February 2013 and is conducted in accordance with the Audit Commission's Code of Audit Practice, International Standards on Auditing (UK and Ireland) and other guidance issued by the Audit Commission.

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

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

3. Significant findings from the financial statement audit

In this section of our report we outline the main findings from our audit, including our conclusions on the areas of risk outlined in our Audit Plan. In addition we include below the discussions we have had with officers regarding accounting policies and financial statement disclosures.

Significant risks (including fraud risks)	Findings	Conclusion
Asset Management		
The asset register is maintained on an Excel spreadsheet rather than a tailored IT package. Problems were found last year with the valuations of certain classes of assets, e.g. surplus assets.	<p>Our work included:</p> <ul style="list-style-type: none"> ▶ Reviewing the work of Internal Audit ▶ Testing the integrity of the spreadsheet ▶ Substantively agreeing values back to the valuers' reports ▶ Substantively reviewing the valuation bases used. 	We found no material errors
Accounting for the new HRA requirements		
The guidance needs to be followed to ensure the Council is able to deliver the new processes and procedures.	<p>Our work focused on reviewing the Council's approach against the requirements.</p> <ul style="list-style-type: none"> ▶ 	We found that the Council had appropriate procedures in place.
Apportionment of overheads		
Errors were found last year in the apportionment of overheads to service areas	<p>Our focused on:</p> <ul style="list-style-type: none"> ▶ Reviewing the arrangements in place to apportion overheads ▶ Substantively testing a sample of overheads ▶ We found procedures in place to apportion overheads appropriately. 	Our testing did not identify any errors and allowed us to conclude that overheads had been apportioned appropriately.
Risk of misstatement due to fraud and error		
<p>Management has the primary responsibility to prevent and detect fraud. It is important that management, with the oversight of those charged with governance, has a culture of ethical behaviour and a strong control environment that both deters and prevents fraud.</p> <p>Our responsibility is to plan and perform audits to obtain reasonable assurance about whether the financial statements as a whole are free of material misstatements, whether caused by error or fraud. As auditors, we approach each engagement with a questioning mind that accepts the possibility that a material misstatement due to fraud could occur, and design the appropriate procedures to consider such a risk.</p>	<p>Our work included:</p> <ul style="list-style-type: none"> ▶ Identifying fraud risks during the planning stages. ▶ Inquiring 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. ▶ Considering the effectiveness of management's controls designed to address the risk of fraud. ▶ Performing mandatory procedures regardless of specifically identified fraud risks such as: <ul style="list-style-type: none"> ▶ reviewing the year-end position against in-year financial forecasts; ▶ reviewing the reasonableness and completeness of prepayments, accruals and provisions; ▶ testing material adjustments made by journals; and ▶ reviewing transactions both before and after year-end to ensure they are correctly disclosed in the correct financial period. 	Our work did not identify any evidence of material fraud or error

The following table sets out issues we have discussed with officers during the audit regarding accounting policies and financial statement disclosures that we want to bring to your attention.

Policy/practice/finding	Ernst & Young comments
Housing Revenue Account transfer of fund balance to the General Fund	We were asked to consider the proposal to transfer the fund balance on the Housing Revenue Account to the General Fund. On the evidence provided to us we were not convinced that the transaction was appropriate to be included in the 2012/13 statement of accounts. The decision was taken by the Head of Finance not to include the transaction in 2012/13.
Accounting policies and standards for Barton Oxford LLP	The Barton Oxford LLP is in its early stages and the level of transactions and balances are not material it is important that when consolidation takes place the underlying accounting standards and policies used by the LLP and the Council are compatible. If they are not then those of the LLP need to be adjusted so that when they are consolidated accurately into the accounts of the Council. At the moment the LLP uses UK GAAP to produce its accounts and the Council uses IFRS. Also the disclosure of accounting policies for the LLP is limited.

4. Economy, efficiency and effectiveness

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

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

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

Other risks/areas of focus:	Impacts arrangements for securing:	Key findings:
Changes to arrangements for council tax support and business rates		
From April 2013, there will be changes to the arrangements for both Local Council Tax Support and business rates. These changes represent a significant change for the Council and bring both financial and reputational risks.	Economy, efficiency and effectiveness Financial resilience	▶ We have discussed the implementation of these changes with the Council's finance team and found that appropriate plans are in place to deal with the changes and risks associated with the changes have been factored into financial plans.
HRA financing		
HRA self determination took effect in late 2011/12, however 2012/13 is the first year where the Council will need to consider a number of new key arrangements including: ▶ Loan Debt – How is the Council planning on repaying the loan debt? Planning assumptions – Are the original budget planning assumptions still appropriate?	Financial resilience	▶ The Council have appropriate plans in plan to repay the loan and plans are subject to monitoring and review by the Head of Finance.

5. Control themes and observations

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

5.1 Challenges for the coming year

Description	Impact
Changes to business rates	A business rates retention scheme will be introduced from April 2013. There will be a transitional period with some councils paying a tariff and others receiving a top up payment depending on the amount they receive currently from the pool. With the new system more of the risk for income collection falls on the Council.

6. Status of our work

6.1 Financial statement audit

Our audit work for our opinion on the Authority's financial statements is substantially complete. The Council plans to have the following items in time to meet our deadline for the issue of our audit opinion.

Item	Actions to resolve	Responsibility
Letter of representation	To be tabled at Audit and Governance committee on 26 September 2013.	Management and Audit and Governance Committee
Annual report and accounts	<ul style="list-style-type: none"> ▶ Incorporation of Ernst & Young review comments on disclosure notes ▶ Finalisation by management of disclosures related to Barton Oxford LLP ▶ Approval of accounts by Audit Committee ▶ Accounts re-certified by Head of Finance 	Management, Audit and Governance Committee and Ernst & Young

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

6.2 Economy, efficiency and effectiveness

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

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

6.3 Objections

To date we have received no objections to the 2012/13 accounts from members of the public.

7. Fees update

A breakdown of our agreed fee is shown below.

	Proposed final fee 2012/13 £'000	Planned fee 2012/13 £'000	Scale fee 2012/13 £'000	Explanation of variance
Total Audit Fee – Code work	114	114	114	
Certification of claims and returns	*	37	37	
Non-audit work	2	0	0	2

Our actual fee is in line with the agreed fee.

Fees for the auditor's consideration of correspondence from the public and formal objections are charged in addition to the scale fee. We dealt with correspondence from one local elector and the matter is now closed.

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

8. Summary of audit differences

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

We have included all amounts greater than £200,000 relating to Oxford City Council in our summary of misstatements below.

We highlight in particular the following misstatements identified during the course of our audit that have been corrected by management.

- ▶ £2.4m inclusion of bad debt provision in creditors rather than reducing the debtors balance.

There were no uncorrected misstatements.

We reviewed the impact of uncorrected misstatements identified in the prior period, on results of the current period and did not identify any continuing impact.

9. Independence confirmation: update

We confirm there are no changes in our assessment of independence since our confirmation in our Audit Plan dated 14 February 2013. We complied with the Ethical Standards for Auditors and the requirements of the Standing Guidance and in our professional judgement the firm is independent, and the objectivity of the audit engagement partner and audit staff has not been compromised within the meaning of regulatory and professional requirements.

We consider that our independence in this context is a matter that should be reviewed by both you and us. It is therefore important that you consider the facts of which you are aware and come to a view. If you wish to discuss any matters concerning our independence, we will be pleased to do so at the forthcoming meeting of the Audit and Governance Committee on 26 September 2013.

Appendix A Required communications with the Audit Committee

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

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

Required communication	Reference
<p>Consideration of laws and regulations</p> <ul style="list-style-type: none"> ▶ Audit findings regarding non-compliance where it is material and believed to be intentional. This communication is subject to compliance with legislation on tipping off ▶ Enquiry of the Audit and Governance 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 	Letter of Representation
<p>Independence</p> <p>Communication of all significant facts and matters that bear on Ernst & Young's objectivity and independence</p> <p>Communication of key elements of the audit engagement partner's consideration of independence and objectivity such as:</p> <ul style="list-style-type: none"> ▶ The principal threats ▶ Safeguards adopted and their effectiveness ▶ An overall assessment of threats and safeguards ▶ Information about the general policies and process within the firm to maintain objectivity and independence 	Audit Plan and update in section 9 of this report
<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 	Letter of Representation
<p>Significant deficiencies in internal controls identified during the audit</p>	Audit results report
<p>Group audits</p> <ul style="list-style-type: none"> ▶ An overview of the type of work to be performed on the financial information of the components ▶ An overview of the nature of the group audit team's planned involvement in the work to be performed by the component auditors on the financial information of significant components ▶ Instances where the group audit team's evaluation of the work of a component auditor gave rise to a concern about the quality of that auditor's work ▶ Any limitations on the group audit, for example, where the group engagement team's access to information may have been restricted ▶ Fraud or suspected fraud involving group management, component management, employees who have significant roles in group-wide controls or others where the fraud resulted in a material misstatement of the group financial statements 	Audit Plan and Audit results report
<p>Opening Balances</p> <ul style="list-style-type: none"> ▶ Findings and issues regarding the opening balance of initial audits 	No issues to report
<p>Fee reporting</p> <ul style="list-style-type: none"> ▶ Final, planned and scale fee broken down into the headings of Code audit work; certification of claims and returns; and any non-audit work (or a statement to confirm that no non-audit work has been undertaken for the Authority). 	Audit Plan and Audit results report
<p>Summary of certification work undertaken</p> <ul style="list-style-type: none"> ▶ Annual report to those charged with governance summarising the certification work undertaken 	Annual Certification Report – to be issued January 2014.

Appendix B Letter of representation

[To be prepared on the entity's letterhead]

[Date]

*Ernst & Young LLP
Apex Plaza
Forbury Road
Reading
RG1 1YE*

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

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

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

A. Financial Statements and Financial Records

1. We have fulfilled our responsibilities, under the relevant statutory authorities, for the preparation of the financial statements in accordance with, for the Group [the Accounts and Audit Regulations (England) 2011 and CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2012/13.
2. We acknowledge, as members of management of the Group and Council, our responsibility for the fair presentation of the consolidated and council financial statements. We believe the consolidated and council financial statements referred to above give a true and fair view of the financial position, financial performance (or results of operations) and cash flows of the Group in accordance with [the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2012/13 and are free of material misstatements, including omissions. We have approved the consolidated and council financial statements.
3. The significant accounting policies adopted in the preparation consolidated and council financial statements are appropriately described in the consolidated and council financial statements.
4. As members of management of the Group and Council, we believe that the Group and Council has a system of internal controls adequate to enable the preparation of accurate financial statements in accordance with [the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2012/13.

There are no unadjusted audit differences identified during the current audit and pertaining to the latest period presented.

B. Fraud

1. We acknowledge that we are responsible for the design, implementation and maintenance of internal controls to prevent and detect fraud
2. We have disclosed to you the results of our assessment of the risk that the consolidated and council financial statements may be materially misstated as a result of fraud.
3. *[When management is aware of the occurrence of fraud or suspected fraud, or has received allegations of fraud.]* We have disclosed to you all significant facts relating to any frauds, suspected frauds or allegations of fraud known to us that may have affected the Group or Council (regardless of the source or form and including, without limitation, allegations by “whistle-blowers”), whether involving management or employees who have significant roles in internal control. Similarly, we have disclosed to you our knowledge of frauds or suspected frauds affecting the entity involving others where the fraud could have a material effect on the consolidated or council financial statements. We have also disclosed to you all information in relation to any allegations of fraud or suspected fraud communicated by employees, former employees, analysts, regulators or others, that could affect the consolidated or council financial statements.

[When management is not aware of the occurrence of a fraud or suspected fraud and has not received any allegations of fraud.] We have no knowledge of any fraud or suspected fraud involving management or other employees who have a significant role in the Group and Council’s internal controls over financial reporting. In addition, we have no knowledge of any fraud or suspected fraud involving other employees in which the fraud could have a material effect on the consolidated or council financial statements. We have no knowledge of any allegations of financial improprieties, including fraud or suspected fraud, (regardless of the source or form and including without limitation, any allegations by “whistleblowers”) which could result in a misstatement of the consolidated or council financial statements or otherwise affect the financial reporting of the Group and Council

C. Compliance with Laws and Regulations

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

D. Information Provided and Completeness of Information and Transactions

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

E. Liabilities and Contingencies

1. All liabilities and contingencies, including those associated with guarantees, whether written or oral, have been disclosed to you and are appropriately reflected in the consolidated and council financial statements.
2. We have informed you of all outstanding and possible litigation and claims, whether or not they have been discussed with legal counsel
3. We have recorded and/or disclosed, as appropriate, all liabilities related litigation and claims, both actual and contingent, and have disclosed in Note *[X]* to the consolidated and council financial statements all guarantees that we have given to third parties
4. The claim by *[name of claimant]* have been settled for the total sum of XXX which has been properly accrued in the consolidated and council financial statements. No other claims in connection with litigation have been or are expected to be received.

F. Subsequent Events

1. Other than the proposed transfer of HRA assets to the General Fund described in Note [X] to the consolidated and council financial statements, there have been no events subsequent to period end which require adjustment of or disclosure in the consolidated and council financial statements or notes thereto.

G. Accounting Estimates

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

H. Group Audits

1. We have obtained sufficient and appropriate information to be able to consolidate the Barton Oxford LLP with the accounts of the Council.
2. Necessary adjustments have been made to eliminate all material intra-group unrealised profits on transactions amongst parent, subsidiary undertakings and associated undertakings

H Retirement benefits

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

I Prior period adjustment

The Council has completed a review of its lease disclosure notes. As a result of this review there has been a material amendment to the accounts. The main element of the amendment relates to the Council calculating the lease debtor based on current rent rather than inception rent. This meant that at 31 March 2012 the long term debtor was overstated by £4.1m. The changes are shown in the statements as restatements to the 2011/12 statements and notes

The comparative amounts have been correctly restated to reflect the above matter and appropriate note disclosure of this restatement has also been included

in the current year's financial statements.

J Use of experts

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

Yours Faithfully,

Head of Finance

I confirm that this letter has been discussed and agreed at the Audit and Governance Committee on 26 September 2013

Chairman of Audit and Governance Committee

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