



# External Audit Plan 2017/18

London Borough of Ealing  
February 2018

## Financial Statement Audit

There are no significant changes to the Code of Practice on Local Authority Accounting (“the Code”) in 2017/18, which provides stability. Deadlines for producing and signing the accounts have advanced. This is a significant change and needs careful management to ensure the new deadlines are met. To meet the revised deadlines it is essential that the draft financial statements and all ‘prepared by client’ documentation is available in line with agreed timetables. Where this is not achieved there is a significant likelihood that the audit report will not be issued by 31 July 2018.

### Significant risks

Those risks requiring specific audit attention and procedures to address the likelihood of a material financial statement error have been identified as:

- **Authority - Valuation of other land and buildings:** While the Authority operates a cyclical revaluation approach, the Code requires that all land and buildings be held at fair value. We will consider the way in which the Authority ensures that assets not subject to in-year revaluation are not materially misstated; and
- **Authority – Net pension liability: Valuation of pension assets and liabilities:** The valuation of the Authority’s net pension liability, as calculated by the Actuary, is dependent upon both the accuracy and completeness of the data provided and the assumptions adopted. We will review the processes to ensure accuracy of data provided to the Actuary and consider the assumptions used in determining the valuation.

## Financial Statement Audit (continued)

### Authority area of audit focus

We have also identified the following as areas of audit focus:

- **Authority and Pension Fund - Faster Close:** The timetable for the production of the financial statements has been advanced with draft accounts having to be prepared by 31 May 2018 (2017: 30 June) and the final accounts signed by 31 July 2018 (2017: 30 September). We will work with the Authority in advance of our audit to understand the steps being taken to meet these deadlines and any impact on our work.
- **Pension Fund - Valuation of investments:** The pension fund invests in a range of assets and funds with a value of over £1 billion. These are managed by fund managers on a day to day basis and included in the financial statements using the valuation at 31 March 2018. We will verify a selection of investments to third party information and confirmations and test check a sample of valuations.

## Value for Money Audit

Our risk assessment regarding your arrangements to secure value for money, identified financial resilience as a significant risk.

**Financial resilience:** As a result of reductions in central government funding, and cost pressures such as increases in demand for services, the Authority is continuing to have to make additional savings. The Authority in early 2017/18 identified that it was forecast to overspend the budget by approximately £12 million mainly due to cost pressures in adult social care and children's services and put in place a series of controls to mitigate this. We will consider the arrangements put in place by the Authority to manage this, how cost pressures have been considered in planning the 2018/19 budget and the longer term medium term financial strategy. We will also review the processes in place to ensure that identified savings are realistic, achievable within the planned timeframes and monitored to ensure any slippage is identified at an early stage..

## Other information

### Logistics and team

Our team is led by Neil Thomas, Partner and Steve Lucas, Senior Manager.

Our work will be completed in four phases from December to July and our key deliverables are this Audit Plan, progress reports to the Audit Committee and a Report to Those Charged With Governance with our final findings from the audit.

### Fees

Our fee for the 2017/18 audit is £166,583 (2016/2017: £166,583) and the Pension Fund £21,000 (2016/2017: £21,000). This is in line with the scale fees published by PSAA.

### Acknowledgement

We thank officers and Members for their continuing help and cooperation throughout our audit.

# Content

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## Appendices

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- 2: Independence and objectivity requirements
- 3: Quality framework

This report is addressed to London Borough of Ealing (the Authority) and has been prepared for the sole use of the Authority. We take no responsibility to any member of staff acting in their individual capacities, or to third parties. PSAA issued a document entitled Statement of Responsibilities of Auditors and Audited Bodies summarising where the responsibilities of auditors begin and end and what is expected from audited bodies. We draw your attention to this document which is available on PSAA's website ([www.psaa.co.uk](http://www.psaa.co.uk)).

External auditors do not act as a substitute for the audited body's own responsibility for putting in place proper arrangements to ensure that public business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively.

We are committed to providing you with a high quality service. If you have any concerns or are dissatisfied with any part of KPMG's work, in the first instance you should contact Neil Thomas, the engagement lead to the Authority, who will try to resolve your complaint. If you are dissatisfied with your response please contact the national lead partner for all of KPMG's work under our contract with Public Sector Audit Appointments Limited, Andrew Sayers (0207 694 8981, [andrew.sayers@kpmg.co.uk](mailto:andrew.sayers@kpmg.co.uk)). After this, if you are still dissatisfied with how your complaint has been handled you can access PSAA's complaints procedure by emailing [generalenquiries@psaa.co.uk](mailto:generalenquiries@psaa.co.uk), by telephoning 020 7072 7445 or by writing to Public Sector Audit Appointments Limited, 3rd Floor, Local Government House, Smith Square, London, SW1P 3H.

# 1. Introduction

## Background and statutory responsibilities

This plan supplements our 2017/18 audit fee letter dated 27 April 2017, which set out details of our appointment by PSAA.

Our statutory responsibilities and powers are set out in the Local Audit and Accountability Act 2014, the NAO's Code of Audit Practice and the PSAA Statement of Responsibilities.

Our audit has two key objectives, requiring us to audit / review and report on your:

- **Authority and Pension Fund Financial statements:** Providing an opinion on your accounts. We also review the Annual Governance Statement and Narrative Report and report by exception on these; and
- **Use of resources:** Concluding on the arrangements in place for securing economy, efficiency and effectiveness in your use of resources (the value for money conclusion).

The audit planning process and risk assessment is an on-going process and the assessment and fees in this plan will be kept under review and updated if necessary. Any change to our identified risks will be reporting to the Audit Committee.

## Financial statements audit

Our financial statements audit follows a four stage process:

- Financial statements audit planning
- Control evaluation
- Substantive procedures
- Completion

Appendix 1 provides more detail on these stages. This plan concentrates on the Financial Statements Audit Planning stage.

## Value for Money

Our Value for Money (VFM) arrangements work follows a six stage process:

- Risk assessment
- Links with other audit work
- Identification of significant VFM risks
- Review work (by ourselves and other bodies)
- Conclude
- Report

Page 11 provides more detail on these stages. This plan concentrates on explaining the VFM approach for 2017/18 and our response to it.



## 2. Financial statements audit planning

### Authority significant audit risks

Those risks requiring specific audit attention and procedures to address the likelihood of a material financial statement error in relation to the Authority.

#### Valuation of other land and buildings

**Risk:** The Authority held land and buildings with a value of £677 million at 31 March 2017. The Code requires that where assets are subject to revaluation, their year end carrying value should reflect the appropriate fair value at that date. The Authority has adopted a rolling revaluation model where land and buildings are revalued over a five year cycle, with desktop interim reviews for large value assets or those where additional capital expenditure has taken place. As a result individual assets may not be revalued for four years. This creates a risk that the carrying value of those assets not revalued in year differs materially from the year end fair value.

**Approach:** We will review the approach that the Authority has adopted to assess the risk that assets not subject to valuation are not materially misstated and consider the robustness of that approach. We will consider movement in market indices between revaluation dates and the year end in order to determine whether these indicate that fair values have moved materially over that time.

In relation to those assets which have been revalued during the year we will assess the valuer's qualifications, objectivity and independence to carry out such valuations and review the methodology used (including testing the underlying data and assumptions). We may also use our valuation expert to consider assumptions made by the valuer.

#### Net pension liability - Valuation of pension assets and liabilities

**Risk:** The net pension liability at 31 March 2017 of £571 million represents a material element of the Authority's balance sheet. The net liability consists of £1,602 million of liabilities and £1,031 million of assets. The Authority is an admitted body of the London Borough of Ealing Pension Fund, which had its last triennial valuation completed as at 31 March 2016. This forms an integral basis of the valuation as at 31 March 2018. Valuation of the Local Government Pension Scheme relies on assumptions, most notably actuarial assumptions, and actuarial methodology which results in the Authority's overall valuation.

There are financial assumptions and demographic assumptions used in the calculation of the Authority's valuation, such as the discount rate, inflation rates, mortality rates etc. Assumptions should reflect the profile of the Authority's employees and should be based on appropriate data. The basis of the assumptions is derived on a consistent basis year to year, or updated to reflect any changes. There is a risk that the assumptions and methodology used in the valuation of the Authority's pension obligation are not reasonable. This could have a material impact to net pension liability accounted for in the financial statements.

**Approach:** We will review controls that the Authority has in place over the information sent directly to the Scheme Actuary and sample test this. As part of our work on the Pension Fund, we will gain an understanding of the effectiveness of controls operated by the Pension Fund to manage data required for the calculation of the Authority's net pension liability. This will include consideration of the process and controls with respect to the assumptions used in the valuation. We will evaluate the competency, objectivity and independence of Mercers.

We will review the appropriateness of key assumptions in the valuation, compare them to expected ranges, and consider the need to make use of a KPMG actuary. We will review the methodology applied in the valuation by Mercers. In addition, we will review the overall actuarial valuation and consider the disclosure implications in the financial statements.

## 2. Financial statements audit planning

### Authority and Pension Fund area of audit focus

Those risks requiring specific audit attention and procedures to address the likelihood of a material financial statement error in relation to the Authority

#### Faster close

**Risk:** In prior years, the Authority has been required to prepare draft financial statements by 30 June and then final signed accounts by 30 September. For years ending on and after 31 March 2018 revised deadlines apply which require draft financial statements by 31 May and final signed audited financial statements by 31 July.

In 2015/16 the Authority brought forwards its timetable and was successful in obtaining an audit opinion on 29 July 2016 in line with the new deadline. However, in 2016/17, the Authority set a similar timetable but due to some slippage the audit opinion was not issued by the end of July.

The Authority will continue to make greater use of accounting estimates and the consideration of ensuring that these estimates remain valid at the point of finalising the financial statements. The logistical challenges that will continue to need to be managed includes:

- Ensuring that any third parties involved in the production of the accounts (including valuers, actuaries, subsidiaries and subsidiary auditors) are aware of the revised deadlines and have made arrangements to provide the output of their work accordingly; and
- Revising the closedown and accounts production timetable to ensure that all working papers and supporting documentation are available at the start of the audit which was one area that slipped last year.

In the event that the above areas are not effectively managed there is a risk that the audit will not be completed by the 31 July deadline. There is an increased likelihood that the Audit Certificate (which confirms that all audit work for the year has been completed) may be issued separately at a later date if work is still ongoing in relation to the Authority's Whole of Government Accounts return. This is not seen as a breach of deadlines.

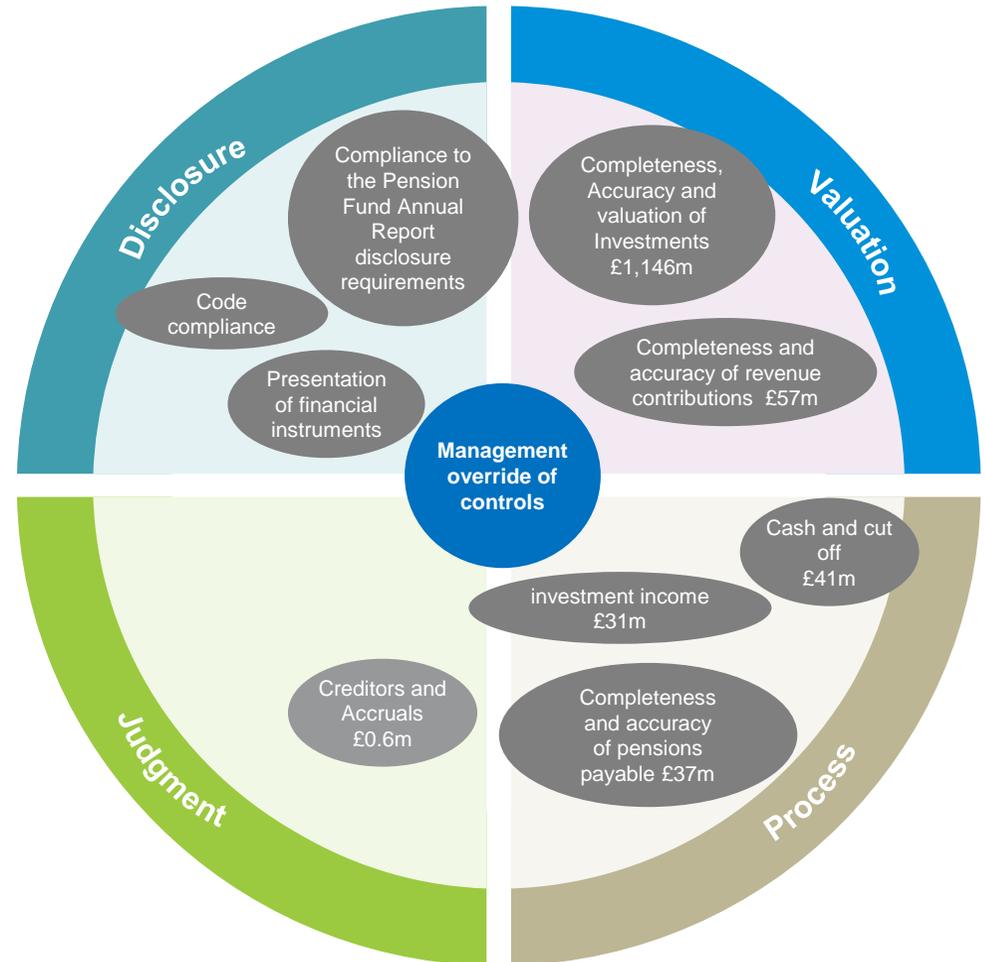
**Approach:** We will continue to liaise with officers in preparation for our audit to understand the steps the Authority is taking to meet the revised deadlines. We will look to advance audit work into the interim visit to streamline the year end audit work. Where there is greater reliance upon accounting estimates we will consider the assumptions used and challenge the robustness of those estimates.

# 2. Financial statements audit planning

## Pension Fund risk assessment

Professional standards require us to consider two standard risks. We consider these as a matter of course and will include any findings arising from our work in our ISA 260 Report.

- **Management override of controls:** Management is typically in a powerful position to perpetrate fraud owing to its ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. Our audit incorporates the risk of Management override as a default significant risk. In line with our methodology, we carry out appropriate controls testing and substantive procedures, including over journal entries, accounting estimates and significant transactions that are outside the normal course of business, or are otherwise unusual.
- **Fraudulent revenue recognition:** We do not consider this to be a significant risk for local authority Pension Funds as there are limited incentives and opportunities to manipulate the way income is recognised. We therefore rebut this risk and do not incorporate specific work into our audit plan in this area over and above our standard fraud procedures.



Key: ● Significant risk ● Other area of audit focus ● Other areas considered  
 Source: LB Ealing Financial statements 2016/17

## 2. Financial statements audit planning

### Pension Fund area of audit focus

Those risks requiring specific audit attention and procedures to address the likelihood of a material financial statement error in relation to the Pension Fund.

#### Completeness, accuracy and valuation of investments

**Risk:** The Pension Fund held net investment assets of £1,146 million at 31 March 2017. These investments are held by Fund Managers and will be valued at 31 March 2018.

**Approach:** We will obtain direct confirmations from the Fund managers, London collective investment vehicle and custodians and audit the reconciliations between them. We will also review the ISAE3402 compliance reports on each Fund Manager to confirm we are satisfied with the controls or whether there are any local additional procedures we need to complete.

We will also test a sample of valuations included in the Fund managers reports.

## 2. Financial statements audit planning

### Materiality

We are required to plan our audit to determine with reasonable confidence whether or not the financial statements are free from material misstatement. An omission or misstatement is regarded as material if it would reasonably influence the user of financial statements. This therefore involves an assessment of the qualitative and quantitative nature of omissions and misstatements. Generally, we would not consider differences in opinion in respect of areas of judgement to represent 'misstatements' unless the application of that judgement results in a financial amount falling outside of a range which we consider to be acceptable.

For the Authority materiality for planning purposes has been set at £15 million (2016/17 £15 million) which equates to approximately 1.3% of 2016/17 gross expenditure. This is approximately equivalent to the level of General Fund reserves which we take into account in setting materiality. The threshold above which individual errors are reported to Audit Committee is £750,000 (2016/17 £750,000).

For the Pension Fund materiality for planning purposes has also been set at £15 million (2016/17 £10 million) which equates to approximately 1.4% of the net assets at 31 March 2017. The main reason for the increase in materiality is due to increased asset values.

### Reporting to the Audit Committee

Whilst our audit procedures are designed to identify misstatements which are material to our opinion on the financial statements as a whole, we nevertheless report to the Audit Committee any unadjusted misstatements of lesser amounts to the extent that these are identified by our audit work.

Under ISA 260(UK&I) 'Communication with those charged with governance', we are obliged to report uncorrected omissions or misstatements other than those which are 'clearly trivial' to those charged with governance.

ISA 260 (UK&I) defines 'clearly trivial' as matters that are clearly inconsequential, whether taken individually or in aggregate and whether judged by any quantitative or qualitative criteria.

In the context of the Authority we propose that an individual difference could normally be considered to be clearly trivial if it is less than £750,000 (2016/17: £750,000).

In the context of the Pension Fund we propose that an individual difference could normally be considered to be clearly trivial if it is less than £750,000 (2016/17: £500,000).

If management has corrected material misstatements identified during the audit, we will consider whether those corrections should be communicated to the Audit Committee to assist it in fulfilling its governance responsibilities.

### Liaising with internal audit

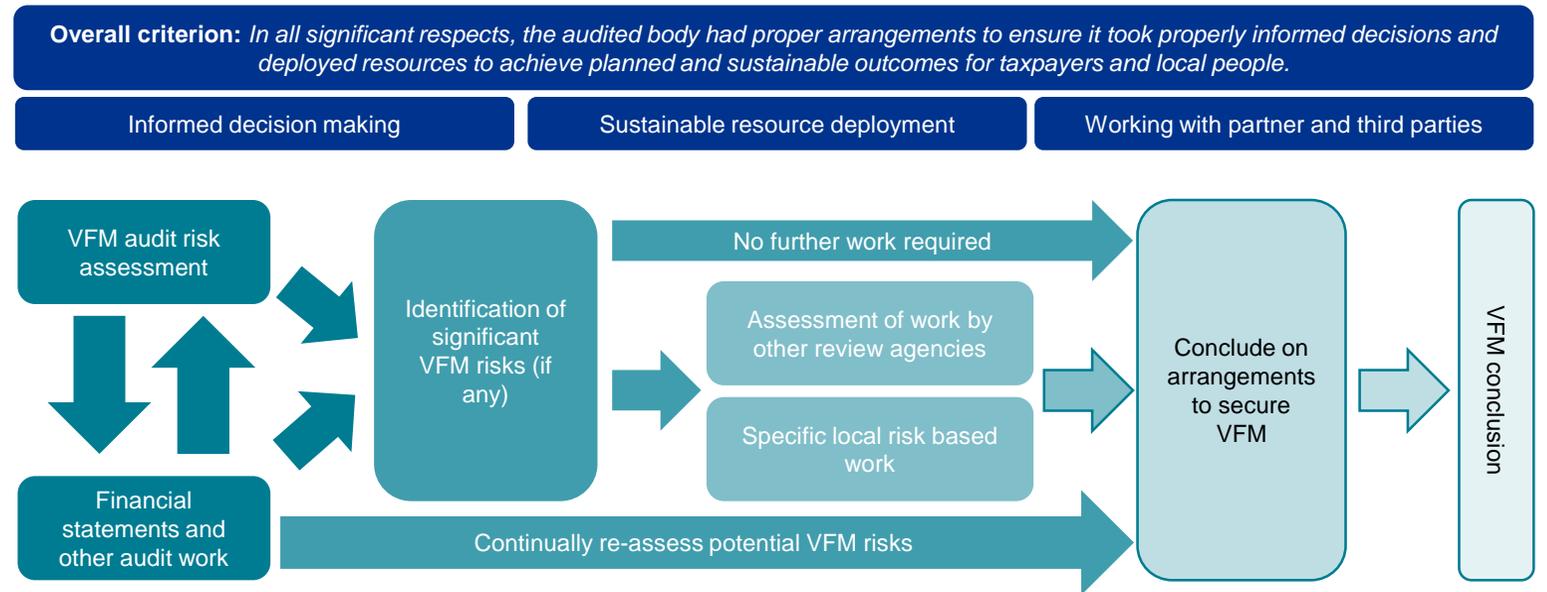
ISA (UK & Ireland) 610 (revised June 2013) defines how we can use the work of internal audit. Our approach ensures we comply with these requirements. We will liaise with internal audit and review the findings from their programme of work for 2017-18. We will also consider any significant control deficiencies identified by internal audit and ensure that we take this into account where relevant to determine the nature of our audit work to ensure the risk is appropriately addressed.

# 3. Value for money arrangements work

For our value for money conclusion we are required to work to the NAO Code of Audit Practice (issued in 2015 after the enactment of the Local Audit and Accountability Act 2014). Our approach to VFM work follows the NAO's new guidance that was first introduced in 2015-16, is risk based and targets audit effort on the areas of greatest audit risk. We have planned our audit to draw on our past experience of delivering this conclusion and have updated our approach as necessary. We will also consider reports from your regulators and review agencies.

The Local Audit and Accountability Act 2014 requires auditors to be satisfied that the organisation "has made proper arrangements for securing economy, efficiency and effectiveness in its Value for Money". This is supported by the Code of Audit Practice, published by the NAO in April 2015, which requires auditors to "take into account their knowledge of the relevant local sector as a whole, and the audited body specifically, to identify any risks that, in the auditor's judgement, have the potential to cause the auditor to reach an inappropriate conclusion on the audited body's arrangements."

The VFM process is shown in the diagram below:



We have completed our initial planning Vfm risk assessment and identified financial resilience as a significant risk for the Vfm conclusion. As we complete our risk assessment we will consider if there are further significant risks and if so report these to the Audit Committee.

# 3. Value for money arrangements work

## VFM other areas of focus

Those risks with less likelihood of giving rise to a significant VFM risk but which are nevertheless worthy of audit understanding.

### Financial Sustainability

**Risk:** The budget for 2017/18 was agreed by the Authority in February 2017 with an additional £11 million included in Adult Social Care to assist in meeting the demand pressures. However, by the end of May 2017, the Authority was predicting an overspend of £12.4 million after allocating the in year contingency. The overspend would need to be funded from reserves. The key areas of overspend were Adult Social Care (£19million), Children's Services (£5 million) and Corporate Resources (£5 million) mitigated by corporate items underspend of £16 million and the use of the £3 million contingency. The position at the end of October 2017 showed a similar position with the forecast outturn overspend for 2017/18 to £12.3 million. Management have taken action to reduce the underlying overspend by the year end by introducing spending controls such as a recruitment freeze, including agency staff and consultants, a spending freeze on most good and services with only assistant directors and higher grades being able to approve expenditure and enhanced corporate controls relating to Purchase Orders.

Ealing have introduced a new approach to budget setting with a focus on outcomes to be delivered. The Future Ealing initiative set up has five distinct cross cutting work streams:

- Digital, data and Customer
- Commercialisation and Assets
- Cross Cutting and Efficiency
- Children's and Adults review
- Service efficiency.

**Approach:** We will review the arrangements the Authority has in place to ensure financial sustainability. This will include reviewing how cost pressures and income projections, including Council Tax, NNDR and other sources of income, have been considered in planning the 2018/19 budget and the longer term medium term financial strategy. We will also review the processes in place to ensure that identified savings are realistic, achievable within the planned timeframes and monitored to ensure any slippage is identified at an early stage.

We will also review the in year monitoring arrangements for the 2017/18 budget including the savings programme.

**VFM sub-criterion:** This risk is related to the following Value For Money sub-criterion:

- Informed decision making; and
- Sustainable resource deployment.

# 4. Other matters

## Whole of government accounts (WGA)

We are required to review your WGA consolidation and undertake the work specified under the approach that is agreed with HM Treasury and the National Audit Office. Deadlines for production of the pack and the specified approach for 2017/18 have not yet been confirmed

## Elector challenge

The Local Audit and Accountability Act 2014 gives electors certain rights. These are: the right to inspect the accounts; the right to ask the auditor questions about the accounts; and the right to object to the accounts. As a result of these rights, in particular the right to object to the accounts, we may need to undertake additional work to form our decision on the elector's objection. The additional work could range from a small piece where we interview an officer and review evidence to form our decision to a more detailed piece where we have to interview a range of officers, review significant amounts of evidence and seek legal representations on the issues raised. Costs incurred responding to questions or objections raised by electors is not part of the fee. This work will be charged in accordance with PSAA's fee scales.

There is currently an objection outstanding relating to 31 March 2017 financial year in respect of Lender Only Borrower Option (LOBO) loans which the Authority provided additional information to us on 26 January 2018. We are currently reviewing the information provided to allow us to determine the objection.

## Our audit team

Your audit team has been drawn from our specialist public sector assurance department and is led by two key members of staff:

- **Neil Thomas:** your Partner has overall responsibility for the quality of the KPMG audit work and is the contact point within KPMG for the Audit Committee, the Chief Executive and Chief Finance Officer.
- **Steve Lucas:** your Senior Manager is responsible for delivery of all our audit work. He will manage the completion of the different elements of our work, ensuring that they are coordinated and delivered in an effective manner.
- **Ridwanah Kabir:** your Assistant Manager is responsible for delivering the day to day audit work and supervising all members of the team while on site.

The core audit team will be assisted by other KPMG staff, such as risk, tax, property or information specialists as necessary to deliver the plan.

## Reporting and communication

Reporting is a key part of the audit process, not only in communicating the audit findings for the year, but in ensuring that the audit team is accountable to you in addressing the issues identified as part of the audit strategy. Throughout the year we will communicate with you through meetings with the finance team and the Audit Committee. Our communication outputs are included in Appendix 1.

## Independence and Objectivity

Auditors are required to be independent and objective. Appendix 2 provides more details of our confirmation of independence and objectivity.

# 4. Other matters

## **Audit fee**

Our Audit Fee Letter 2017/18 sent to you on 27 April 2017 first set out our fees for the 2017/18 audit. This letter also set out our assumptions. We have not considered it necessary to seek approval for any changes to the agreed fees at this stage.

Should there be a need to charge additional audit fees then this will be agreed with the Executive Director of Corporate Resources and PSAA. If such a variation is agreed, we will report that to you in due course.

The planned audit fee for 2017/18 is £166,583 for the Authority (2016/17: £166,583). The planned audit fee for the Pension Fund for 2017/18 is £21,000 (2016/17: £21,000).

## **Grants and claims work**

We undertake other grants and claims work for the Authority:

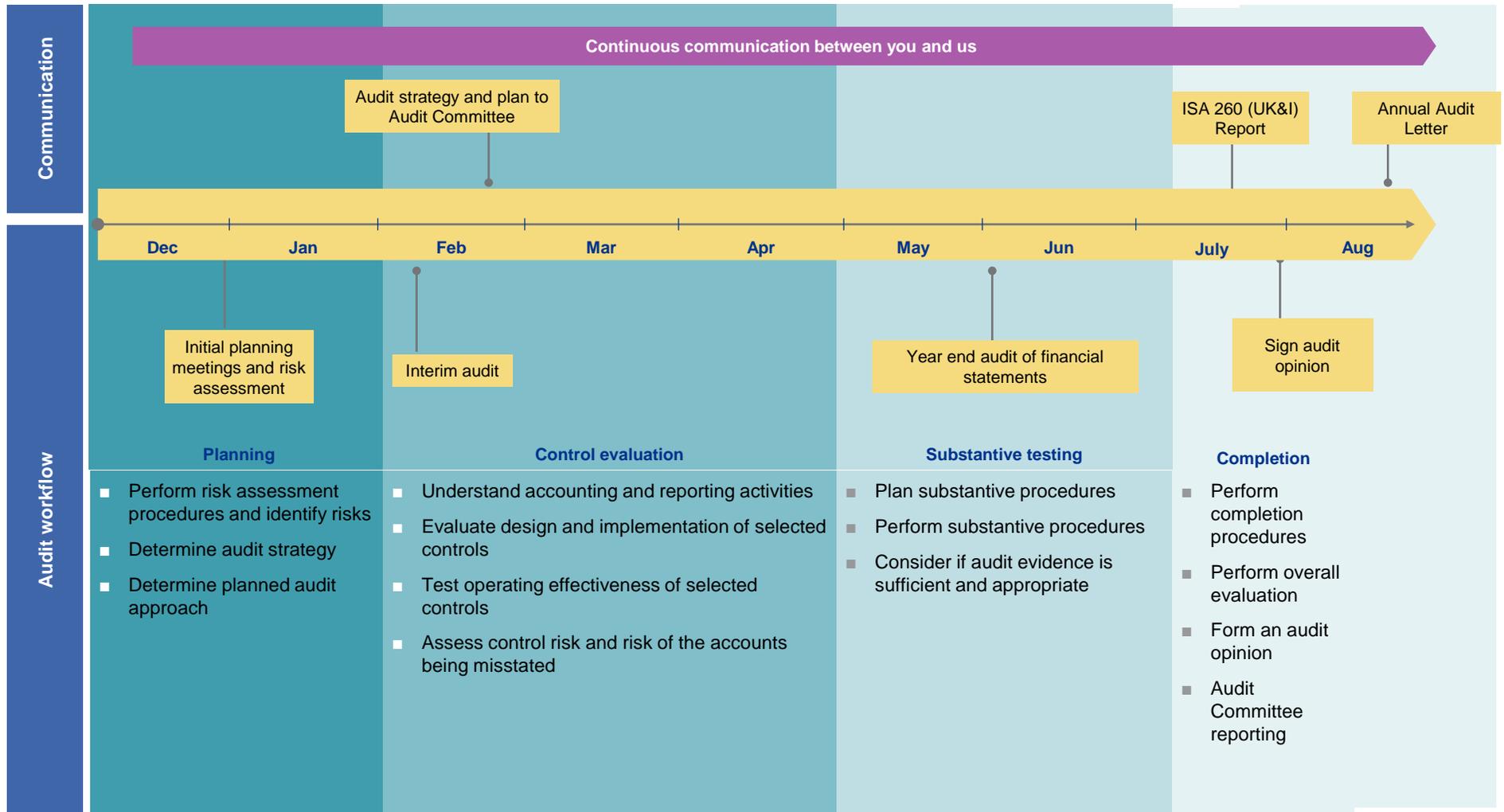
- Housing benefits grant claim: This audit is planned for September. Our fee for this work is £27,321 (this work falls under the PSAA arrangements);
- Pooling of housing capital receipts: This audit is planned for September. Our fee for this work is £3,000; and
- Teachers pension contribution return: This audit is planned for September. Our fee for this work is £3,500.

## **Public interest reporting**

In auditing the accounts as your auditor we must consider whether, in the public interest, we should make a report on any matters coming to our notice in the course of our audit, in order for it to be considered by Members or brought to the attention of the public; and whether the public interest requires any such matter to be made the subject of an immediate report rather than at completion of the audit.

At this stage there are no matters that we wish to report.

# Appendix 1: Key elements of our financial statements audit approach



# Appendix 2: Independence and objectivity requirements

## **ASSESSMENT OF OUR OBJECTIVITY AND INDEPENDENCE AS AUDITOR OF LONDON BOROUGH OF EALING**

Professional ethical standards require us to provide to you at the planning stage of the audit a written disclosure of relationships (including the provision of non-audit services) that bear on KPMG LLP's objectivity and independence, the threats to KPMG LLP's independence that these create, any safeguards that have been put in place and why they address such threats, together with any other information necessary to enable KPMG LLP's objectivity and independence to be assessed.

In considering issues of independence and objectivity we consider relevant professional, regulatory and legal requirements and guidance, including the provisions of the Code of Audit Practice, the provisions of Public Sector Audit Appointments Ltd's ('PSAA's') Terms of Appointment relating to independence and the requirements of the FRC Ethical Standard and General Guidance Supporting Local Audit (Auditor General Guidance 1 – AGN01) issued by the National Audit Office ('NAO').

This Appendix is intended to comply with this requirement and facilitate a subsequent discussion with you on audit independence and addresses: General procedures to safeguard independence and objectivity; Breaches of applicable ethical standards; Independence and objectivity considerations relating to the provision of non-audit services; and Independence and objectivity considerations relating to other matters.

### **General procedures to safeguard independence and objectivity**

KPMG LLP is committed to being and being seen to be independent. As part of our ethics and independence policies, all KPMG LLP partners, Audit Directors and staff annually confirm their compliance with our ethics and independence policies and procedures. Our ethics and independence policies and procedures are fully consistent with the requirements of the FRC Ethical Standard. As a result we have underlying safeguards in place to maintain independence through: Instilling professional values; Communications; Internal accountability; Risk management; and Independent reviews.

We are satisfied that our general procedures support our independence and objectivity.

# Appendix 2: Independence and objectivity requirements

## Independence and objectivity considerations relating to the provision of non-audit services

### Summary of fees

We have considered the fees charged by us to the authority and its affiliates for professional services provided by us during the reporting period.

We confirm that all non-audit services have been included in this plan to be approved by the audit committee.

Facts and matters related to the provision of non-audit services and the safeguards put in place that bear upon our independence and objectivity, are set out in the following.

### Analysis of Non-audit services for the year ended 31 March 2018

Description of scope of services	Principal threats to independence	Safeguards Applied	Basis of fee	Value of Services Delivered in the year ended 31 March 2018	Value of Services Committed but not yet delivered
				£	£
Assurance Report on the Teachers' Pension Return 2017/18	None	None	Estimate of time required to complete the tests set by the Teachers' Pension	-	3,500
Assurance Report on the Pooling of Housing Capital Receipts 2017/18	None	None	Estimate of time required to complete the tests set by the DCLG	-	3,000

Appropriate approvals would be obtained from PSAA for all non-audit services if they exceeded the relevant thresholds during the reporting period. This threshold has not been reached in providing the above services. In addition, we monitor our fees to ensure that we comply with the 70% non-audit fee cap set by the NAO.

## Independence and objectivity considerations relating to other matters

There are no other matters that, in our professional judgment, bear on our independence which need to be disclosed to the Audit Committee.

### Confirmation of audit independence

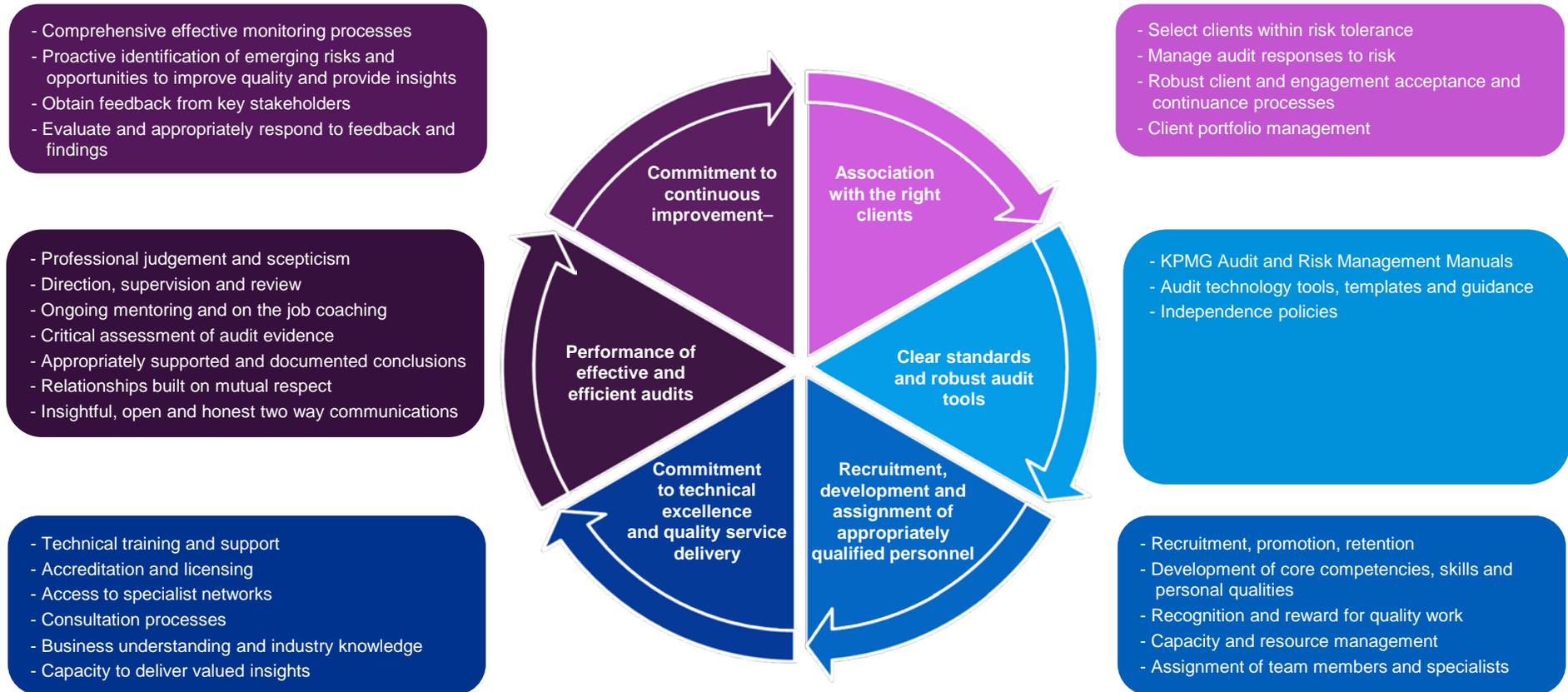
We confirm that as of the date of this report, in our professional judgment, KPMG LLP is independent within the meaning of regulatory and professional requirements and the objectivity of Neil Thomas, the Partner and the audit staff is not impaired.

This report is intended solely for the information of the Audit Committee of the authority and should not be used for any other purposes.

We would be very happy to discuss the matters identified above (or any other matters relating to our objectivity and independence) should you wish to do so.

# Appendix 3: Quality framework

Audit quality is at the core of everything we do at KPMG and we believe that it is not just about reaching the right opinion, but how we reach that opinion. To ensure that every partner and employee concentrates on the fundamental skills and behaviours required to deliver an appropriate and independent opinion, we have developed our global Audit Quality Framework





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This report is addressed to the Authority and has been prepared for the sole use of the Authority. We take no responsibility to any member of staff acting in their individual capacities, or to third parties. We draw your attention to the Statement of Responsibilities of auditors and audited bodies, which is available on Public Sector Audit Appointment's website ([www.psaa.co.uk](http://www.psaa.co.uk)).

External auditors do not act as a substitute for the audited body's own responsibility for putting in place proper arrangements to ensure that public business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively.

We are committed to providing you with a high quality service. If you have any concerns or are dissatisfied with any part of KPMG's work, in the first instance you should contact Neil Thomas, the engagement lead to the Authority, who will try to resolve your complaint. If you are dissatisfied with your response please contact the national lead partner for all of KPMG's work under our contract with Public Sector Audit Appointments Limited, Andrew Sayers, by email to [Andrew.Sayers@kpmg.co.uk](mailto:Andrew.Sayers@kpmg.co.uk). After this, if you are still dissatisfied with how your complaint has been handled you can access PSAA's complaints procedure by emailing [generalenquiries@psaa.co.uk](mailto:generalenquiries@psaa.co.uk) by telephoning 020 7072 7445 or by writing to Public Sector Audit Appointments Limited, 3rd Floor, Local Government House, Smith Square, London, SW1P 3HZ.