

Gateshead Council

Audit Completion Report
Year ended 31 March 2013

24 September 2013



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Our reports are prepared in the context of the Audit Commission's 'Statement of responsibilities of auditors and audited bodies'. Reports and letters prepared by appointed auditors and addressed to Non-Executive Directors, Members or officers are prepared for the sole use of the audited body and we take no responsibility to any Non-Executive Director, Member or Officer in their individual capacity or to any third party.

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01

Purpose of this report

This document sets out the outcome of our audit of your 2012/13 statement of accounts and matters that we are required to, or wish to bring to your attention and our conclusion on your arrangements for value for money

Purpose of this report and our audit approach

Purpose of this document

This document has been prepared to feed back the findings of our audit for the year ended 31 March 2013 and forms the basis for discussion at the Accounts Committee meeting on 30 September 2013.

Our communication with you is important to:

- share information to assist both the auditor and those charged with governance of to fulfil their respective responsibilities;
- provide constructive observations arising from the audit process to those charged with governance of Gateshead Council;
- ensure as part of the two-way communication process we, as external auditors, gain an understanding of the attitude and views of those charged with governance of Gateshead Council to the internal and external operational, financial, compliance and other risks which might affect the statement of accounts, including the likelihood of those risks materialising and how they are managed; and
- receive feedback from those charged with governance as to the performance of the engagement team.

Independence

As part of our on-going risk assessment we monitor our relationships with you to identify any new actual or perceived threats to our independence within the regulatory or professional requirements governing us as your auditors.

No further threats to our independence have been identified since we issued our Audit Strategy Memorandum.

Our audit approach

Our audit has been conducted in accordance with International Standards of Auditing (UK and Ireland) issued by the Auditing Practices Board.

There have been no changes to our audit approach as communicated to you in the Audit Strategy Memorandum dated April 2013.

Limitations

Our audit procedures, which have been designed to enable us to express an opinion on the statement of accounts, have included the examination of the transactions and the controls thereon of. The International Standards on Auditing (UK and Ireland) do not require us to design audit procedures for the purpose of identifying supplementary matters to communicate with those charged with governance.

Our audit included consideration of internal controls relevant to the preparation of the statement of accounts in order to design audit procedures that are appropriate in the circumstances, but not for expressing an opinion on the effectiveness of internal control or to identify any significant deficiencies in their design or operation.

We have included in this report only those matters that have come to our attention as a result of our normal audit procedures and, consequently, our comments should not be regarded as a comprehensive record of all deficiencies that may exist or improvements that could be made.

02

Overall conclusions and opinion

We give an opinion on your statement of accounts and conclude on whether you have made proper arrangements to secure economy, efficiency and effectiveness in your use of resources

Overall conclusions and opinion

Overall conclusion and opinion

At the time of issuing this report we anticipate:

- issuing an unqualified opinion on your statement of accounts; and
- concluding that you have made proper arrangements to secure economy, efficiency and effectiveness in your use of resources.

Audit status

We have substantially completed our audit of the statement of accounts for the year ended 31 March 2013.

Alongside our audit of your statement of accounts we are required to review your Whole of Government Accounts submission and report to the National Audit Office in line with their group instructions and guidance produced by the Audit Commission. We anticipate completing this work by 30 September 2013.

As at the time of preparing this report, there are no significant matters outstanding.

We will provide an update to you in relation to the significant matters outstanding above.

We expect to be able to certify the closure of the 2012/13 audit by 30 September 2013. We have not received any objections to the Council's 2012/13 statement of accounts from electors and have no outstanding matters or correspondence with electors.

03

Significant risks and key judgement areas

We report to you the risks of material misstatement we identified in your statement of accounts and the key areas of management judgement that impact on your statement of accounts.

Significant risks and key judgement areas

Set out below are the significant risks and key areas of management judgement in the Audit Strategy Memorandum to which we paid particular attention in order to reduce the risk of material misstatement in the statement of accounts. We have detailed below the work performed to address each risk and judgement and our conclusions.

Significant audit risk	How did we address this risk	Conclusions
The ISAs presume that management override of controls is a fraud risk and therefore is always recorded as a significant risk.	We tested journals and carried out analytical review procedures on the financial statements.	We did not identify any evidence of management override of controls.
There is a presumption under the ISAs that there is a significant risk of fraud in the timing of revenue recognition leading to the material misstatement of revenue overall. This is because revenue is an area of particular focus by users of financial statements and can be subject to judgements as to when the full risk and reward of the ownership of an asset had passed. For councils, the same risk applies to the recognition of expenditure.	We tested cut off to assess whether income and expenditure are included in the appropriate year. We carried out analytical review procedures. We reviewed provisions and contingent liabilities, none are material. We considered whether known liabilities are included in the statements.	We did not identify any evidence of fraud in the timing of revenue or expenditure recognition. The Council discloses that it departs from the Code of Practice on Local Authority Accounting in recognising grants below £100,000 only when expenditure is incurred (totalling £800,000) The Code requires such income to be recognised as soon as any grant conditions have been met, irrespective of whether the grant has been spent. The recommended approach is to create an earmarked reserve, for use when the expenditure is incurred. If that approach was followed, the impact on the General Fund would be the same.
There is considerable uncertainty on the estimate of the local government pension scheme liability	We assessed the work of the Council's actuary and confirmed that the disclosures in the financial statements properly reflect the actuary's report. We liaised with the pension scheme auditor, in line with Audit Commission requirements.	The Council has accurately reflected the actuary's estimates.
The impact of changes to financing of Newcastle Airport may not be properly reflected in the financial statements.	We assessed the accounting treatment of the transactions and the valuation of the investment.	The statements disclose the transaction, which has been accounted for appropriately.

Additional significant risks and key judgement areas identified during the audit

Since we submitted our Audit Strategy Memorandum in April, we have not identified additional significant risks or key management judgements.

04

Audit findings

We report to you the significant findings from our audit of your statement of accounts

Audit findings

It is a requirement of ISA 260 that significant findings from the audit are communicated to those charged with governance.

Significant qualitative aspects of accounting practices

ISA 260 requires us to communicate with those charged with governance our views about significant qualitative aspects of the entity's accounting practices, including accounting policies, accounting estimates and financial statement disclosures.

Accounting policies

- The appropriateness of the accounting policies to the particular circumstances of the entity. Where acceptable alternative accounting policies exist, this communication may include identification of the financial statement items that are affected by the choice of significant accounting policies.
- Any changes in significant accounting policies, including the application of new accounting pronouncements.

Accounting estimates

- For items which estimates are significant, issues communicated could include: management's identification of accounting estimates, management's process for making accounting estimates, risks of material misstatement, indicators of possible management bias and disclosure of estimation uncertainty in the financial statements.

Financial statement disclosures

- The issues involved, and related judgements made, in formulating particularly sensitive financial statement disclosures (for example, disclosures related to revenue recognition, remuneration, going concern, subsequent events, and contingency issues).
- The overall neutrality, consistency and clarity of the disclosures in the financial statements.

Significant difficulties encountered during the audit

ISA 260 requires us to communicate with those charged with governance significant difficulties encountered during the audit. We did not encounter any such difficulties.

Significant matters discussed with management

The only issues discussed with management were our usual discussions as part of gathering our audit evidence.

Other matters significant to the oversight of the financial reporting process

ISA 260 requires us to communicate other significant matters arising from the audit that are directly relevant to those charged with governance in overseeing the financial reporting process. These may include such matters as material misstatements of fact or material inconsistencies in information accompanying the audited financial statements that have been corrected.

We have no such matters to report.

Internal control

The purpose of our audit was to express an opinion on the financial statements. As part of our audit we have considered the internal controls in place relevant to the preparation of the financial statements, in order to design audit procedures to allow us to express an opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of internal control.

The matters reported are limited to those deficiencies and other control recommendations that we have identified during our audit and that we consider to be of sufficient importance to merit being reported. If we had performed more extensive procedures on internal control we might have identified more deficiencies to be reported or concluded that some of the reported deficiencies need not in fact have been reported.

We have no such matters to report. Minor issues have been discussed with management, and remedial action agreed.

Unadjusted misstatements

There are no unadjusted misstatements to bring to your attention other than those that are clearly trivial (below £575k).

Adjusted misstatements

The draft Comprehensive Income and Expenditure Statement included £18.5m of internal charges between services, which should have been eliminated. Both income and expenditure were reduced by that amount, so there was no impact on net expenditure.

The statements were adjusted to charge the Housing Revenue Account with its share of corporate democratic core and pension costs. The total net impact of the adjustments is to increase the General Fund, and reduce the Housing Revenue Account, by £588k.

An amount of £780k in business rate overpayments had been netted off. Both debtors and creditors were increased by that amount, with no net affect on balance sheet.

The amount included in the Collection Fund in respect of income collected from business ratepayers was reduced by £4,758k, with a consequential reduction of £2,693k in the amount due to the national pool. This adjustment was required to reflect the submitted NNDR3 return, previous amounts were based on the NNDR1. There was no impact on the Council's core financial statements.

Disclosure amendments

Our audit identified the following disclosure amendments:

- Note 1 updated to provide further detail on assets held for sale, grant income and heritage asset policies
- Notes 3 and 6 updated to remove repetitious and unnecessary matter
- Note 11 updated to include additional fee work fro grant certification
- Lease disclosures in Note 13 amended
- Value of Council's share of loan to the Newcastle Airport added to Note 15
- Value of bad debt provision in Note 22 updated as it did not reflect the actual provision made
- HRA Note 4 narrative revised to clarify the impact of valuations and additions in respect of housing stock

05

Value for money conclusion

We are required to conclude on your arrangements for securing economy, efficiency and effectiveness in your use of resources

Value for money conclusion

We are required to conclude whether the Council put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

We assess your arrangements against the two criteria specified by the Audit Commission. Our Audit Strategy Memorandum, issued in April 2013 reported to you the significant risks that were relevant to our Value for Money conclusion. We have set out below our conclusion on the two criteria, including the findings of our work addressing each of the risks we identified.

We intend to issue an unqualified conclusion stating the Council has proper arrangements to secure economy, efficiency and effectiveness in the use of its resources. Our draft conclusion is included in Appendix 3.

Criteria	Identified risk	Audit conclusion
Financial resilience	The Council is facing continuing financial pressures from reduced funding and increased demand. Without robust budgetary control and delivery of action plans to address areas of overspending the Council's financial resilience will deteriorate as reserves are used to support on going expenditure.	The Council has a robust process for setting its budget so that savings included are realistic. The Medium Term Financial Strategy is regularly reviewed and updated to reflect government funding, local priorities and national changes such as business rates retention and council tax support. Once again in 2012/13 there was overspending on looked after children and adult social care. There are detailed action plans in place. However, demand continues to increase. Overall, the Council underspent its budget by £1.9m due to savings made elsewhere (including reduced borrowing costs) and was able to increase reserves to support future years' plans.
Securing economy, efficiency and effectiveness	No significant identified risks, over and above the impact on services of reduced funding as outlined above.	<p>The Council is clear on its priorities and remains focused on delivering its Vision 2030 objectives. There was detailed consultation on budget proposals, including the impact of any service changes. External inspections suggest that performance has been maintained at a good level.</p> <p>There have been significant reductions in staff and changes in service delivery methods (such as community centres transferring to the voluntary sector).</p> <p>The Council continues to work with partners to improve the local economy, including the new town centre in Gateshead and on going developments in Blaydon and Felling.</p>

Appendices

1 Management representations

2 Draft audit report

3 Required communication

Management representations

To be provided by Gateshead Council to us on headed note paper. Please address to Mazars LLP

Gateshead Council
Civic Centre
Regent Street
Gateshead
NE8 1HH

[Date]

Dear Sirs

Gateshead Council - audit for year ended 31 March 2013

This representation letter is provided in connection with your audit of the statement of accounts for Gateshead Council for the year ended 31 March 2013 for the purpose of expressing an opinion as to whether the statement of accounts give a true and fair view in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom.

I confirm that the following representations are made on the basis of enquiries of management and staff with relevant knowledge and experience (and, where appropriate, inspection of supporting documentation) sufficient to satisfy ourselves that I can properly make each of the following representations to you.

My responsibility for the statement of accounts and accounting information

I believe that I have fulfilled my responsibilities for the true and fair presentation and preparation of the statement of accounts in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom.

My responsibility to provide and disclose relevant information

I have provided you with:

access to all information of which we are aware that is relevant to the preparation of the statement of accounts such as records, documentation and other material;

additional information that you have requested from us for the purpose of the audit; and

unrestricted access to individuals within the Council you determined it was necessary to contact in order to obtain audit evidence.

I confirm as Strategic Director, Finance & ICT that I have taken all the necessary steps to make me aware of any relevant audit information and to establish that you, as auditors, are aware of this information.

As far as I am aware there is no relevant audit information of which you, as auditors, are unaware.

Accounting records

I confirm that all transactions that have a material affect on the financial statements have been recorded in the accounting records and are reflected in the financial statements. All other records and related information, including minutes of all Cabinet and Committee meetings, have been made available to you.

Accounting policies

I confirm that I have reviewed the accounting policies applied during the year in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom and International Accounting Standard 8 and consider these policies to faithfully represent the effects of transactions, other events or conditions on the Council's financial position, financial performance and cash flows

Accounting estimates, including those measured at fair value

I confirm that any significant assumptions used by the Council in making accounting estimates, including those measured at fair value, are reasonable and that no subsequent event requires adjustment to the accounting estimates and disclosures included in the financial statements.

Contingencies

There are no material contingent losses including pending or potential litigation that should be accrued where: information presently available indicates that it is probable that an asset has been impaired or a liability had been incurred at the balance sheet date; and

the amount of the loss can be reasonably estimated.

There are no material contingent losses that should be disclosed where, although either or both the conditions specified above are not met, there is a reasonable possibility that a loss, or a loss greater than that accrued, may have been incurred at the balance sheet date.

There are no contingent gains which should be disclosed.

All material matters, including unasserted claims, that may result in litigation against the Council have been brought to your attention. All known actual or possible litigation and claims whose effects should be considered when preparing the financial statements have been disclosed to you and accounted for and disclosed in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom.

Laws and regulations

I confirm that I have disclosed to you all those events of which I am aware which involve known or suspected non-compliance with laws and regulations, together with the actual or contingent consequences which may arise therefrom.

We have complied with all aspects of contractual agreements that would have a material effect on the accounts in the event of non-compliance.

Fraud and error

I acknowledge my responsibility as Strategic Director, Finance and ICT for the design, implementation and maintenance of internal control to prevent and detect fraud and error.

I have disclosed to you:

all the results of my assessment of the risk that the statement of accounts may be materially misstated as a result of fraud;

all knowledge of fraud or suspected fraud affecting the Council involving:

management and those charged with governance;

employees who have significant roles in internal control; and

others where fraud could have a material effect on the financial statements.

I have disclosed to you all information in relation to any allegations of fraud, or suspected fraud, affecting the Council's statement of accounts communicated by employees, former employees, analysts, regulators or others.

Related party transactions

I confirm that all related party relationships, transactions and balances, have been appropriately accounted for and disclosed in accordance with the requirements of the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom.

I have disclosed to you the identity of the Council's related parties and all related party relationships and transactions of which I am aware.

Impairment review

To the best of my knowledge, there is nothing to indicate that there is a permanent reduction in the recoverable amount of the property, plant and equipment below their carrying value at the balance sheet date. An impairment review is therefore not considered necessary.

Future commitments

I am not aware of any plans, intentions or commitments that may materially affect the carrying value or classification of assets and liabilities or give rise to additional liabilities.

Subsequent events

I confirm all events subsequent to the date of the financial statements and for which the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom require adjustment or disclosure have been adjusted or disclosed.

Should further material events occur after the date of this letter which may necessitate revision of the figures included in the financial statements or inclusion of a note thereto, I will advise you accordingly.

Unadjusted misstatements

I confirm that the effects of the uncorrected misstatements are immaterial, both individually and in aggregate, to the statement of accounts as a whole. A list of the uncorrected misstatements is attached to this letter as an Appendix.

Yours faithfully

Strategic Director, Finance & ICT

Appendix to management representations
 Schedule of unadjusted misstatements

Item of account	Value per draft statements £000	Description of error	Error Dr £000	Cr £000
Revenue expenditure funded as capital under statute (REFCUS)	4851	Capital expenditure included	486 (REFCUS)	486 (PPE)

Draft auditor's report

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GATESHEAD COUNCIL

Opinion on the Authority financial statements

We have audited the financial statements of Gateshead Council for the year ended 31 March 2013 under the Audit Commission Act 1998. The financial statements comprise the Movement in Reserves Statement, the Comprehensive Income and Expenditure Statement, the Balance Sheet, the Cash Flow Statement, the Housing Revenue Account Income and Expenditure Statement, the Movement on the Housing Revenue Account Statement and Collection Fund and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2012/13.

This report is made solely to the members of Gateshead Council in accordance with Part II of the Audit Commission Act 1998 and for no other purpose, as set out in paragraph 48 of the Statement of Responsibilities of Auditors and Audited Bodies published by the Audit Commission in March 2010.

Respective responsibilities of the Strategic Director, Finance & ICT and the Auditor

As explained more fully in the Statement of the Strategic Director, Finance & ICT's Responsibilities, the Strategic Director, Finance & ICT is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom, and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Ethical Standards for Auditors issued by the Auditing Practices Board.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Authority's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Strategic Director, Finance & ICT; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the explanatory foreword to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:
give a true and fair view of the financial position of Gateshead Council as at 31 March 2013 and of its expenditure and income for the year then ended; and
have been prepared properly in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2012/13.

Opinion on other matters

In our opinion, the information given in the explanatory for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we report by exception

We report to you if:

in our opinion the annual governance statement does not reflect compliance with 'Delivering Good Governance in Local Government: a Framework' published by CIPFA/SOLACE in June 2007 and the December 2012 addendum;

we issue a report in the public interest under section 8 of the Audit Commission Act 1998;

we designate under section 11 of the Audit Commission Act 1998 any recommendation as one that requires the Authority to consider it at a public meeting and to decide what action to take in response; or

we exercise any other special powers of the auditor under the Audit Commission Act 1998.

We have nothing to report in these respects.

Conclusion on Authority's arrangements for securing economy, efficiency and effectiveness in the use of resources

Respective responsibilities of the Authority and the auditor

The Authority is responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources, to ensure proper stewardship and governance, and to review regularly the adequacy and effectiveness of these arrangements.

We are required under Section 5 of the Audit Commission Act 1998 to satisfy ourselves that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The Code of Audit Practice issued by the Audit Commission requires us to report to you our conclusion relating to proper arrangements, having regard to relevant criteria specified by the Audit Commission.

We report if significant matters have come to our attention which prevent us from concluding that the Authority has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We are not required to consider, nor have we considered, whether all aspects of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

Scope of the review of arrangements for securing economy, efficiency and effectiveness in the use of resources

We have undertaken our audit in accordance with the Code of Audit Practice, having regard to the guidance on the specified criteria, published by the Audit Commission on 1 November 2012, as to whether the Authority has proper arrangements for:

securing financial resilience; and

challenging how it secures economy, efficiency and effectiveness.

The Audit Commission has determined these two criteria as those necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether the Authority put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2013.

We planned our work in accordance with the Code of Audit Practice. Based on our risk assessment, we undertook such work as we considered necessary to form a view on whether, in all significant respects, the Authority had put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

Conclusion

On the basis of our work, having regard to the guidance on the specified criteria published by the Audit Commission on 1 November 2012, we are satisfied that, in all significant respects, Gateshead Council put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2013.

Certificate

We certify that we have completed the audit in accordance with the requirements of the Audit Commission Act 1998 and the Code of Audit Practice issued by the Audit Commission.

[Signature]

Steve Nicklin
For and on behalf of Mazars LLP, Appointed Auditors
The Rivergreen Centre
Aykley Heads
Durham, DH1 5TS

XX September 2013
Amend to reflect the title used

Required communication

ISA 260 'Communication With Those Charged With Governance' and ISA 265 'Communicating Deficiencies In Internal Control To Those Charged With Governance And Management' require the auditor to communicate a number of matters with those charged with governance. These matters are set out below along with our proposed approach

Required	Audit conclusion
<p>Respective responsibilities of auditor and those charged with governance.</p> <p>Our responsibility for performing the audit in accordance with ISAs (UK and Ireland), which is directed towards forming and expressing an opinion on the statement of accounts.</p> <p>The audit of the statement of accounts does not relieve management or those charged with governance of their responsibilities.</p>	<p>This information was included in the Audit Strategy Memorandum.</p>
<p>Communication of the planned scope and timing of the audit.</p> <p>Matters communicated include:</p> <ul style="list-style-type: none"> • Significant audit risks and how we will address them; • Our approach to internal control relevant to the audit; • The application of the concept of materiality in the context of an audit; • Our use of the work of internal audit; • Your approach to internal control and how you oversee the effectiveness of internal control procedures; • The attitude, awareness and action of those charged with governance concerning the detection or possibility of fraud; and • Your response to new accounting standards, corporate governance practices and related matters. 	<p>This information was included in the Audit Strategy Memorandum.</p>
<p>Our views on significant qualitative aspect of accounting practices including accounting policies, accounting estimates and financial statement disclosures.</p> <p>When applicable, why we consider a significant accounting practice not to be appropriate to the entity.</p>	<p>Section 4 of this report.</p>

Required	Audit conclusion
<p>Significant difficulties, if any, encountered during the audit.</p> <p>Significant difficulties encountered during the audit may include such matters as:</p> <ul style="list-style-type: none"> • Significant delays in management providing required information; • An unnecessarily brief time within which to complete the audit; • Extensive unexpected effort required to obtain sufficient appropriate audit evidence; • The unavailability of expected information; • Restrictions imposed on the auditor by management; and • Management’s unwillingness to make or extend its assessment of the entity’s ability to continue as a going concern. 	<p>No significant difficulties were encountered.</p>
<p>Details of significant matters discussed with, or subject to correspondence with management.</p>	<p>Not applicable.</p>
<p>Details of written representations we require for our audit.</p>	<p>Appendix 1 to this report.</p>
<p>Any other matters which we consider to be significant to the oversight of the financial reporting process.</p>	<p>Section 4 of this report.</p>
<p>Statement that the engagement team and the firm have complied with relevant ethical requirements regarding independence.</p> <p>Written disclosure of relationships which have a bearing on our independence and safeguards we have put in place, details of non audit services provided and written confirmation of our independence.</p>	<p>The Audit Strategy Memorandum.</p>
<p>Form, timing and general content of communications.</p>	<p>We issue our Audit Completion Report. If you require us to communicate in a different way please let us know.</p>
<p>Any significant deficiencies and other control recommendations in respect of internal control that we have identified during the audit.</p>	<p>Section 4 of this report.</p>

Required	Audit conclusion
<p>Our evaluation of the adequacy of the communication process between ourselves and those charged with governance.</p> <p>This may include:</p> <ul style="list-style-type: none"> • observations on appropriateness and timing of action taken by you in response to matters we have raised; • the openness of your communication with us; • your willingness and capacity to meet with us without management being present; • your opportunity to fully comprehend matters we have raised; • the extent to which you probe issues raised and our recommendations; • any communication we have had in establishing with you the form; • timing and general content of communications; • your awareness of how our discussions impact on your governance and management responsibilities; and • whether your communication with us meets legal and regulatory requirements. 	<p>We have met regularly with senior and other officers, and the Audit Committee. We consider communication processes to be adequate.</p>

Should you require any further information, please do not hesitate to contact:

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