

London Borough of Havering

Report to those charged with governance

Report to the Audit Committee on the audit for the year ended 31 March 2015
(ISA (UK&I) 260)

PwC Government
Industry Group

September 2015

Contents

Code of Audit Practice and Statement of Responsibilities of Auditors and of Audited Bodies

In April 2010 the Audit Commission issued a revised version of the 'Statement of responsibilities of auditors and of audited bodies'. It is available from the Chief Executive of each audited body. The purpose of the statement is to assist auditors and audited bodies by explaining where the responsibilities of auditors begin and end and what is to be expected of the audited body in certain areas. Our reports and management letters are prepared in the context of this Statement. Reports and letters prepared by appointed auditors and addressed to members or officers are prepared for the sole use of the audited body and no responsibility is taken by auditors to any Member or officer in their individual capacity or to any third party.

| | |
|--|-----------|
| Executive summary | 1 |
| Audit approach | 3 |
| Significant audit and accounting matters | 11 |
| Internal controls | 20 |
| Risk of fraud | 22 |
| Fees update | 24 |
| Appendices | 25 |
| Appendix 1: Summary of uncorrected misstatements | 26 |
| Appendix 2: Letter of representation | 27 |

An audit of the Statement of Accounts is not designed to identify all matters that may be relevant to those charged with governance. Accordingly, the audit does not ordinarily identify all such matters.

Executive summary

Background

This report tells you about the significant findings from our audit of the London Borough of Havering (“the Authority”) and the London Borough of Havering Pension Fund (“the Pension Fund”).

We presented our plan to the Audit Committee in March 2015, which as part of its remit considers external audit. We reviewed the plan following our interim visit and concluded that it required amendment to reflect a change in our risk assessment. This explained further on page 3.

Audit Summary

We have completed the majority of our audit work and expect to be able to issue an unqualified audit opinion on the Statement of Accounts by 30 September 2015.

The key outstanding matters, where our work has commenced but is not yet finalised, are:

- receipt of outstanding bank and investment confirmations;
- testing of journals;
- review of Property, Plant and Equipment (“PPE”) valuations;
- audit of documentation received in relation to related party transactions, payroll and collection fund reconciliations,
- approval of the statement of accounts and letters of representation;
- completion procedures including subsequent events review; and

- review of the final draft of the statement of accounts and Pension Fund Annual Report.

Our work on our value for money conclusion is also in progress.

We will provide a verbal update to the Audit Committee on these matters.

We have provided details on the key accounting issues which we consider require the attention of those charged with governance – further details are set out starting on page 11.

On 1 April 2015, the Audit Commission ceased to exist. A novation of the original contract was signed, whereby the Commission’s responsibilities have transferred to the Public Sector Audit Appointments Limited (“PSAA”). Therefore, all references to Audit Commission and PSAA in this report refer to the same body.

This is the final year of the Audit Commission framework contract, and therefore, our final year as your external auditor. However, we remain committed to providing you with a high quality service and will work with your incoming auditors to ensure a smooth transition.

Please note that this report will be sent to PSAA in accordance with the requirements of its standing guidance.

We look forward to discussing our report with you on 24 September 2015. Attending the meeting from PwC will be Ciaran McLaughlin.

Acknowledgements

We would like to thank Andrew Blake-Herbert, Mike Board, Nigel Foster, Mark White, Alison Umoh and Debbie Ford and the whole finance team for the considerable help and assistance provided to us during the audit.

We thank the management and staff of the Authority for their co-operation and assistance during the course of our term of appointment.

We note that the first draft of the accounts provided to us at the commencement of the audit was of a good quality. The working papers supporting the audit trail from the general ledger to the accounts were also of good quality.

We worked with management to deliver the audit in accordance with the timetable we agreed with management. Audit queries were answered promptly.

Audit approach

Main Authority

Our audit approach was set in our audit plan which we presented to the Audit Committee in March 2015.

Since we communicated our audit plan, we have amended our audit approach for the main Authority accounts audit to reflect the changes described in the table below:

| Risk | Risk Level | Response to new risk/change in risk level | Reason for change |
|---|--|---|---|
| Valuation of Property, Plant and Equipment ('PPE') and Investment Properties | Original – Elevated Revised – Significant | The response to the risk remains the same as that detailed in our audit plan. The extent of the work carried out to address the risk has increased to give us the required assurance over the higher risk. Our full response to the risk is detailed on page 4. | We have revised our assessment of the risk of material misstatement to significant reflecting guidance from the Audit Quality Review Team that PPE is normally considered a significant risk for public sector entities. This is due to the size of the PPE and Investment Properties balance (£997.5m) relative to the rest of the balance sheet and also the judgements applied in determining the valuation of the balance. |

We have summarised on the next page the significant and elevated risks we identified in our audit plan, the audit approach we took to address each risk and the outcome of our work.

| Risk | Risk level | Audit approach | Results of work performed |
|--|-------------|---|---|
| Risk of fraud and management override of controls | Significant | <p>As part of our assessment of your control environment we considered those areas where management could use discretion outside of the financial controls in place to misstate the financial statements.</p> <p>We have:</p> <ul style="list-style-type: none"> • Tested the appropriateness of journal entries and other adjustments to the general ledger. • Tested accounting judgements that affect the General Fund for bias, such as bad debts, accruals and provisions. • Considered if there have been significant transactions outside the normal course of business, and whether their rationale suggests fraudulent financial reporting or asset misappropriation. • Tested that expenditure has been recorded in the correct financial year. • Considered whether any segregation of duties weaknesses gave rise to a significant risk of material misstatement. • Tested that the reversal of items debited or credited to the Comprehensive Income and Expenditure Statement were in accordance with statute. • Reviewed the appropriateness of accounting policies and estimation bases, focusing on any changes not driven by amendments to reporting standards; and • Performed unpredictable procedures targeted on fraud risks. | <p>Our audit work in relation to journal entries is ongoing at the date of drafting this report. We will provide a verbal update to the Audit Committee.</p> <p>We have no other issues to report to you.</p> |

| Risk | Risk level | Audit approach | Results of work performed |
|---|-------------|--|---|
| Risk of fraud in revenue and expenditure recognition | Significant | <p>We performed detailed testing of revenue and expenditure transactions, focussing on the areas we considered to be of greatest risk. These are detailed below.</p> <p>For income, we considered that sales, fees and charges are areas of significant risk. We did not consider grant income, Council Tax and Business Rate income or interest income to be significant risks.</p> <p>For expenditure, we considered that non payroll service expenditure was an area of significant risk. We did not consider that housing and council benefits, payroll expenditure, depreciation and impairment, pension costs recognised due to the requirements of IAS 19, or interest expenditure to be significant risks.</p> <p>We have:</p> <ul style="list-style-type: none"> • Evaluated the accounting policies for income and expenditure recognition to ensure that they are consistent with the requirements of the Code of Practice on Local Authority Accounting. • Conducted tests of detail to obtain a high level of assurance over the significant risks described above. • Conducted tests of detail over accounting estimates for income and expenditure (for example, provisions). • Obtained an understanding and evaluate the controls relevant to the significant risks described above. <p>We also considered recent guidance from the Financial Reporting Council on the audit of complex supplier arrangements. We did not identify any such arrangements in our audit of the authority.</p> | <p>We did not identify any issues to report to you as a result of our work.</p> |

| Risk | Risk level | Audit approach | Results of work performed |
|--|-------------|---|--|
| Valuation of Property, Plant and Equipment ("PPE") and Investment Properties | Significant | <p>We have:</p> <ul style="list-style-type: none"> Challenged how management has satisfied itself that the key assumptions driving the revaluation of PPE and Investment Properties at 31 March 2015 are appropriate for the circumstances of the Authority. Utilised our own valuation experts to review the work of the valuation experts engaged by the Authority. Tested the source data used by the valuation experts engaged by the Authority. Challenged how management has satisfied itself that the element of PPE portfolio not subject to a formal revaluation at as 31 March 2015 is materially correct. | <p>Key areas of judgement considered during our work are discussed in the section "Audit and accounting matters" on page 11.</p> <p>At the time of drafting this report our work in this area was still in progress. We will provide a verbal update to the committee.</p> |
| Accounting for schools' assets | Elevated | <p>We have audited the Authority's approach to addressing the guidance in the LAAP 101 bulletin.</p> <p>We have checked that the Authority has obtained sufficient evidence to enable it to form a conclusion as to whether the non-current assets of individual schools should be included within its balance sheet.</p> | <p>At the time of drafting this report our work in this area was still in progress. We will provide a verbal update to the committee.</p> |
| Oracle system | Elevated | <p>We have:</p> <ul style="list-style-type: none"> Understood and evaluated the controls in place around the migration to the new Oracle system. Understood the changes to and updated our understanding of business process controls via walkthroughs. Understood the changes to the IT environment. Tested the migration of data to ensure completeness and accuracy of transferred data. We have understood the controls in place to ensure the complete and accurate transfer of data. Tested the opening Trial Balance (TB) on the upgraded system to ensure that it agrees to the closing TB on the old system. Reviewed Internal Audit's work in relation to the controls in the new system and consider the impact on our audit approach of any issues arising. | <p>We did not identify any issues to report to you as a result of our work.</p> |

Pension Fund

Our audit approach was set in our audit plan which we presented to the Audit Committee in March 2015.

We have summarised below the significant risks we identified in our audit plan, the audit approach we took to address each risk and the outcome of our work.

| Risk | Categorisation | Audit approach | Results of work performed |
|---|----------------|--|---|
| Risk of management override of controls | Significant | <p>As part of our assessment of your control environment we considered those areas where management could use discretion outside of the financial controls in place to misstate the financial statements.</p> <p>We have:</p> <ul style="list-style-type: none"> Reviewed the appropriateness of accounting policies and estimation bases, focusing on any changes not driven by amendments to reporting standards. Tested the appropriateness of journal entries and other year-end adjustments, targeting higher risk items such as those that affect the reported deficit/surplus. Reviewed accounting estimates for bias and evaluate whether judgment and estimates used were reasonable (for example pension scheme assumptions, valuation and impairment assumptions). Evaluated the business rationale underlying significant transactions outside the normal course of business. Considered whether any segregation of duties weaknesses gave rise to a significant risk of material misstatement Performed unpredictable procedures targeted on fraud risks. | <p>Our audit work in relation to journal entries is ongoing at the date of drafting this report. We will provide a verbal update to the Audit Committee.</p> <p>We have no other issues to report to you.</p> |

| Risk | Categorisation | Audit approach | Results of work performed |
|--|----------------|--|---|
| Risk of fraud in revenue recognition ▶ | Significant | <p>We have performed detailed testing of revenue transactions, focussing on the areas we consider to be of greatest risk. This is over contributions and investment income journals.</p> <p>We have:</p> <ul style="list-style-type: none"> • Evaluated the accounting policies for income recognition to ensure that these are consistent with the requirements of the Code of Practice on Local Authority Accounting. • Conducted tests of detail to obtain a high level of assurance over the significant risk areas described above. • Obtained an understanding and evaluated the controls relevant to the significant risks described above. | <p>We did not identify any issues to report to you as a result of our work.</p> |
| Valuation of pooled investment vehicles ▶ | Elevated | <p>We have:</p> <ul style="list-style-type: none"> • Obtained independent confirmation from the fund managers of valuations. • Obtained evidence that confirmed prices reflect realisable value, by obtaining details of transactions in the fund close to the year-end (where available) and compare the transacted price to the year-end price. • Obtained a copy of fund manager's report on internal controls and identify whether there are any weaknesses in the controls over the pooled vehicle valuation process. • Obtained the audited accounts for the fund, where available, and compare the audited unit price to the unaudited price provided by the fund manager or custodian. | <p>At the time of drafting this report our work in this area was still in progress. We will provide a verbal update to the committee.</p> |

Value for money

Our audit approach was set in our audit plan which we presented to the Audit Committee in March 2015.

We have summarised below the significant risk we identified in our audit plan, the audit approach we took to address the risk and the outcome of our work.

| Risk | Categorisation | Audit approach | Results of work performed |
|---|----------------|---|---|
| Savings plans – financial resilience criterion | Significant | <p>We have reviewed your medium term financial plans and considered:</p> <ul style="list-style-type: none"> • How you manage the plan. • Your record in delivering savings. • How arrangements in Onesource contribute to financial governance, financial control and financial planning. • The governance structure in place to deliver the targets (including extent of Member involvement). • The level and extent of accountability. • Project management arrangements. • Monitoring and reporting. • Progress on delivering the plan. <p>We have also considered the accounting implications of your savings plans and the impact of the efficiency challenge on the recognition of both income and expenditure.</p> | <p>At the date of drafting this report, we had not identified any issues to report to you as a result of our work, which remains in progress. We will provide a verbal update to the committee.</p> |

Intelligent scoping

In our audit plan presented to the Audit Committee in March 2015 we reported our planned overall materiality which we used in planning the overall audit strategy.

Our materiality varied upon receipt of the draft 2014/15 financial statements as our planned overall materiality was based upon the 2013/14 financial statements. The change did not have a significant effect on our testing strategy for either the Authority or the Pension Fund audits.

Our original and revised materiality levels are as follows:

| | Benchmark | Planned overall materiality (£) | Final overall materiality (£) | Planned 'clearly trivial' reporting de minimis (£) | Final 'clearly trivial' reporting de minimis (£) |
|----------------|----------------------|--|--------------------------------------|---|---|
| Main Authority | 2% Total Expenditure | 12,200,000 | 11,460,000 | 500,000 | 500,000 |
| Pension Fund | 2% Net Assets | 10,100,000 | 11,500,000 | 500,000 | 500,000 |

Overall materiality for the Authority audit has been set at 2% of actual expenditure for the year ended 31 March 2015.

Overall materiality for the Pension Fund audit has been set at 2% of net assets for the year ended 31 March 2015.

ISA (UK&I) 450 (revised) requires that we record all misstatements identified except those which are "clearly trivial" i.e. those which we do expect not to have a material effect on the financial statements even if accumulated. We agreed the de minimis threshold with the Audit Committee at its meeting in March 2015. The Authority and Pension Fund de minimis levels remain unchanged.

Significant audit and accounting matters

Accounts

We have completed our audit, subject to the following outstanding matters:

- receipt of outstanding bank and investment confirmations;
- testing of journals;
- review of Property, Plant and Equipment (“PPE”) valuations;
- audit of documentation received in relation to related party transactions, payroll and collection fund reconciliations,
- approval of the statement of accounts and letters of representation;
- completion procedures including subsequent events review; and
- review of the final draft of the statement of accounts and Pension Fund Annual Report.

Subject to the satisfactory resolution of these matters, the finalisation of the Statement of Accounts and the approval of these, we expect to issue an unqualified audit opinion.

As part of our work on the Statement of Accounts we are also examining the Whole of Government Accounts schedules submitted to the Department for Communities and Local Government. We will provide a verbal update to the audit committee on this work.

Accounting issues

Auditing Standards require us to tell you about relevant matters relating to the audit of the Statement of Accounts sufficiently promptly to enable you to take appropriate action.

We identified accounting issues during the course of our work that we wish to draw to your attention, relating to the valuation of PPE in the Authority accounts. No issues are raised here with regards to the Pension Fund.

Valuation of PPE and Investment Properties

In the application of the Authority’s accounting policies, management is required to make judgements, estimates and assumptions about the carrying amounts of PPE and Investment Properties. These are based upon a revaluation exercise performed at each year-end which is discussed in more detail in the ‘Judgements and accounting estimates’ section on pages 13 and 14 below.

We identified one control issue in the course of the audit. We have also tested the “inputs” into the valuation. For PPE, the valuation is based upon the gross internal area (“GIA”) of the Authority’s land and buildings. This is held on a database by Property Services and shared with the Authority’s external valuers.

We were unable to corroborate the GIA’s to supporting documentation (such as detailed building plans) as these are not retained by the Authority. We have instead tested the information within the Property Services database to satisfy ourselves that the valuations are appropriate. At the time of

drafting this report this work was in progress. We will provide a verbal update to the Audit Committee.

Prior period adjustments

The Authority has made two prior period adjustments in the statement of accounts. These are described in Note 2 to the accounts.

The first adjustment relates to accounting for schools. CIPFA have issued revised guidance on accounting for schools to clarify the criteria for accounting for schools balances and transaction in local government accounts. £33.3m has been added to the value of PPE on the balance sheet as at 1 April 2013 to reflect two foundation schools being added to the Authority's accounts. We will give a verbal update to the committee on the appropriateness of the adjustments made.

The second adjustment relates to a reclassification of £14.2m in the Note to the Statement of Movement on the Housing Revenue Account Balance. There is no effect on the general fund balance and the adjustment is presentational only.

Payroll reconciliations

While the Authority has addressed the prior year control recommendation and has put a place a monthly process for reconciling payroll expenditure to the general ledger, owing to the transfer to a new instance of ORACLE in August 2014, the payroll reconciliation for the financial year did not reconcile.

Management have prepared a new reconciliation which we are, at the time of drafting this report, in the process of auditing. We will give a verbal update to the Audit Committee on this matter.

VfM conclusion – Medium term financial strategy

The Authority has set out a financial strategy from 2015/16 to 2018/19. There is a notable “budget gap” in the financial forecast in 2017/18 and 2018/19, as reported to Cabinet in September 2015 and detailed below:

| Financial year | Cumulative budget gap (£m) |
|-----------------------|-----------------------------------|
| 2015/16 | 0 |
| 2016/17 | 0 |
| 2017/18 | 7.5 |
| 2018/19 | 16.0 |

We are aware the Authority is in the process of determining actions to reduce the medium term “budget gap”. We understand this will take into account the Spending Review when published in November 2015 and the Local Government Finance Settlement in December 2015.

However, there are still outstanding issues and areas of uncertainty remaining in closing the budget gap in 2016/17 and beyond. We therefore formally recommend that management continues to ensure that actions are underway and progress continues to be monitored appropriately.

We also note that the 9 September 2015 Cabinet report includes a forecast of an overspend of £6.7m for the 2015/16 financial year, including a £7.6m forecast overspend in Children's, Adults and Housing. The report notes that further analysis of the causes of the variance is being undertaken. We recommend that this work is undertaken promptly so that mitigating actions can be taken where possible.

Misstatements and significant audit adjustments

We have to tell you about all uncorrected misstatements we found during the audit, other than those which are trivial.

At the date of drafting this report we had not identified any uncorrected misstatements. We will provide a verbal update to the Audit Committee.

Please refer to Appendix 1 for further information..

Significant accounting principles and policies

Significant accounting principles and policies are disclosed in the notes to the Statement of Accounts. We will ask management to represent to us that the selection of, or changes in, significant accounting policies and practices that have, or could have, a material effect on the Statement of Accounts have been considered.

We have reviewed the appropriateness and application of accounting policies in the Statement of Accounts, with no issues noted.

Judgements and accounting estimates

The Authority is required to prepare its financial statements in accordance with the CIPFA Code. Nevertheless, there are still many areas where management need to apply judgement to the recognition and measurement of items in the financial statements. The following significant judgements and accounting estimates were used in the preparation of the financial statements:

Continuing operations – There is a high degree of uncertainty about future levels of funding for local government. However, the Authority has determined that this uncertainty is not yet sufficient to provide an indication that the assets of the Authority might be impaired as a result

London Borough of Havering

of a need to close facilities or for discontinued operations as it reduces levels of service provision. We have considered this as part of our 'value for money' work and have no matters to raise with you.

Valuation of Property, Plant and Equipment and investment properties - In line with its accounting policy, the Authority has re-valued a proportion of its land and buildings in 2014/15.

The Authority has utilised the expertise of external valuers in valuing its PPE and investment properties. We have used our own internal valuation specialists to review the assumptions and methodologies used by the external valuers, and have noted the following points (these are the same points noted in the audit of the 2012/13 and 2013/14 statement of accounts):

- 1) The external valuers have not deducted purchaser's costs from their valuations, which is a departure from usual market practice. Purchaser's costs comprise stamp duty, agents and legal fees and VAT (on these fees).

However, the external valuers have suggested that their approach is appropriate because the yields they use are adjusted to reflect the fact that purchasers' costs are not deducted. We have concluded that this approach is reasonable.

- 2) The external valuers have used an approach of apportioning land values as a percentage of building costs in their valuation.

However, our valuers would adopt an approach that derived the land values by using a land value per acre based on market comparables.

At the date of drafting this report we are discussing land valuation benchmarks with the Authority's property services team in order to gain comfort that the land values produced by the external valuers are materially correct. We will provide a verbal update to the committee on this work.

We have also challenged management regarding the value of PPE recorded in the accounts that has not been subject to a formal revaluation in 2014/15. While the CIPFA Code of Practice permits a five-year rolling programme for valuations to be formally undertaken, we require sufficient evidence that the accounts are not materially misstated. To obtain this assurance, we have asked management to provide further evidence that a sample population of PPE not revalued this year is not materially misstated. We will provide an update to the Audit Committee on this work.

For non-property assets such as vehicles, plant and equipment with a short useful life, low value, or both, the Authority uses depreciated historical cost as a proxy for fair value. Infrastructure assets are also recorded at depreciated historical cost. We concluded this was a reasonable technique to use for the Authority's portfolio of assets.

Valuation of Pensions Liability - The Authority engaged the actuary Hymans Robertson LLP to estimate the value of the Pension Liability on the balance sheet at 31 March 2015. The calculation involves a number of complex judgements, including appropriate discount rates to be used, mortality rates, expected return on pension fund assets, salary changes and estimates of future retirement ages. We have considered these assumptions against actuarial guidance and have agreed those used to be within a reasonable range.

Management representations

The final draft of the representation letter that we ask management to sign is attached in Appendix 2.

Financial standing

We have not identified any material uncertainties related to events and conditions that may cast significant doubt on the entity's financial standing.

Related parties

In forming an opinion on the financial statements, we are required to evaluate:

- whether identified related party relationships and transactions have been appropriately accounted for and disclosed; and
- whether the effects of the related party relationships and transactions cause the financial statements to be misleading.

We performed detailed testing over related parties including a public record search of Directors and Members (including those leaving office during the year) to identify any additional relationships by comparing related entities to supplier and customer listings.

At the time of drafting this report our work in this area was still in progress.

We will provide a verbal update to the Audit Committee.

Audit independence

We are required to follow both the International Standard on Auditing (UK and Ireland) 260 (Revised) “Communication with those charged with governance”, UK Ethical Standard 1 (Revised) “Integrity, objectivity and independence” and UK Ethical Standard 5 (Revised) “Non-audit services provided to audited entities” issued by the UK Auditing Practices Board.

Together these require that we tell you at least annually about all relationships between PricewaterhouseCoopers LLP in the UK and other PricewaterhouseCoopers’ firms and associated entities (“PwC”) and the Authority that, in our professional judgement, may reasonably be thought to bear on our independence and objectivity.

Relationships between PwC and the Authority

We are not aware of any relationships between PwC and the Authority that in our professional judgement, may reasonably be thought to bear on our independence and objectivity.

Relationships and Investments

We have not identified any potential issues in respect of personal relationships with the Authority or investments in the Authority held by individuals.

Employment of PricewaterhouseCoopers staff by the Authority

We are not aware of any former PwC partners or staff being employed, or holding discussions in respect of employment, by the Authority as a director or in a senior management position covering financial, accounting or control related areas.

Business relationships

We have not identified any business relationships between PwC and the Authority.

Services provided to the Authority

The audit of the Statement of Accounts is undertaken in accordance with the UK Firm’s internal policies. The audit engagement is subject to an independent partner review of all significant judgements taken, including our reporting to the Audit Committee and a review of the annual report. The audit is also subject to other internal PwC quality control procedures such as peer reviews by other offices.

In addition to the audit of the Statement of Accounts, PwC has also undertaken other work for the Authority:

| Support provided by PwC | Value (£) | Threats to independence and safeguards in place |
|--|-----------|---|
| <p>Certification of claims and returns</p> <p>Our procedures will consist of certifying the 2014/15 Housing Benefit Subsidy Claim in accordance with the certified instructions issued by the Audit Commission.</p> | 21,570 | <p>Self-Review Threat: The audit team will conduct the grant certification and this has arisen due to our appointment as external auditors.</p> <p>There is no self-review threat as we are certifying management completed grant returns and claims.</p> <p>Self-Interest Threat: As a firm, we have no financial or other interest in the results of the Authority.</p> <p>We have concluded that this work does not pose a self-interest threat.</p> <p>Management Threat: PwC is not required to take any decisions on behalf of management as part of this work.</p> <p>Advocacy Threat: We will not be acting for, or alongside, management and we have therefore concluded that this work does not pose an advocacy threat.</p> <p>Familiarity Threat: Work complements our external audit appointment and does not present a familiarity threat.</p> <p>Intimidation Threat: We have concluded that this work does not pose an intimidation threat as all officers and members have conducted themselves with utmost integrity and professionalism.</p> |
| <p>Work outside the scope of the Audit Commission Code of Audit Practice – procedures on the 2013/14 Teachers’ Pensions Return</p> | 9,750 | <p>Self-interest threat: fees are not material in relation to the audit fees and PwC’s total income.</p> <p>Self-review threat: this does not arise as the work we undertook provided reasonable assurance over the accuracy of the teachers’ pension return for 2013/14 and will not be relied upon by the PwC audit team as part of the audit of the main accounts for 2014/15.</p> <p>Management threat: this does not arise as PwC are not taking decisions which are the responsibility of management.</p> <p>Advocacy threat: this does not arise as the work will be limited to the testing of information provided by the Client and does not result in advocacy. PwC are carrying out reasonable assurance procedures and not providing assurance or advocacy on behalf of the client.</p> <p>Familiarity threat: this does not arise as a separate team from the audit team is being used to carry out this work.</p> <p>Intimidation Threat: We have concluded that this work does not pose an intimidation threat.</p> |
| <p>Work outside the scope of the Audit Commission Code of Audit Practice – agreed upon procedures on the 2013/14 Decent Homes funding</p> | 8,000 | <p>Self-interest threat: fees are small in relation to the audit fees and PwC’s total income.</p> <p>Self-review threat: this does not arise as the work we undertook was agreed upon procedures in respect of the Decent Homes funding and will not be relied upon by the PwC audit team as part of the audit of the main accounts.</p> <p>Management threat: this does not arise as PwC are not taking decisions which are the</p> |

| Support provided by PwC | Value (£) | Threats to independence and safeguards in place |
|--|-----------|---|
| Work outside the scope of the Audit Commission Code of Audit Practice – ORACLE gate review | 20,000 | <p>responsibility of management.</p> <p>Advocacy threat: this does not arise as the work will be limited to the testing of information provided by the Client and does not result in advocacy. PwC are carrying out reasonable assurance procedures and not providing assurance or advocacy on behalf of the client.</p> <p>Familiarity threat: this does not arise as a separate team from the audit team is being used to carry out this work.</p> <p>Intimidation Threat: We have concluded that this work does not pose an intimidation threat.</p> <p>Self-interest threat: fees are not material in relation to the audit fees and PwC's total income.</p> <p>Self-review threat: The work does not involve provide advice on a particular accounting treatment or audit standards. While the audit team will have regard to the outcome of the review to assess whether there are any implications for the audit, the audit team will not perform an audit over PwC's work.</p> <p>Management threat: this does not arise as PwC are not taking decisions which are the responsibility of management.</p> <p>Advocacy threat: this does not arise as the work will be limited to the testing of information provided by the Client and does not result in advocacy. PwC are carrying out reasonable assurance procedures and not providing assurance or advocacy on behalf of the client.</p> <p>Familiarity threat: this does not arise as a separate team from the audit team is being used to carry out this work.</p> <p>Intimidation Threat: We have concluded that this work does not pose an intimidation threat</p> |

At the date of this report we confirm that in our professional judgement, we are independent accountants with respect to the Authority, within the meaning of UK regulatory and professional requirements and that the objectivity of the audit team is not impaired.

Fees

The analysis of our audit and non-audit fees for the year ended 31 March 2015 is included on page 24. In relation to the non-audit services provided, none included contingent fee arrangements.

Services to Directors and Senior Management

PwC does not provide any services e.g. personal tax services, directly to directors, senior management.

Rotation

It is the Audit Commission's policy that engagement leaders at an audited body at which a full Code audit is required to be carried out should act for an initial period of five years. The Commission's view is that generally the range of regulatory safeguards it applies within its audit regime is sufficient to reduce any threats to independence that may otherwise arise at the end of this period to an acceptable level. Therefore, to safeguard audit quality, and in accordance with APB Ethical Standard 3, it will subsequently approve engagement leaders for an additional period of up to no more than two years, provided that there are no considerations that compromise, or could be perceived to compromise, the auditor's independence or objectivity.

Gifts and hospitality

We have not identified any significant gifts or hospitality provided to, or received from, a member of Authority's Executive, senior management or staff.

Conclusion

We hereby confirm that in our professional judgement, as at the date of this document:

- we comply with UK regulatory and professional requirements, including the Ethical Standards issued by the Auditing Practices Board; and
- our objectivity is not compromised.

We ask the Audit Committee to consider the matters in this document and to confirm that they agree with our conclusion on our independence and objectivity.

Annual Governance Statement

Local Authorities are required to produce an Annual Governance Statement (AGS), which is consistent with guidance issued by CIPFA / SOLACE: "Delivering Good Governance in Local Government". The AGS was included in the Statement of Accounts.

We reviewed the AGS to consider whether it complied with the CIPFA / SOLACE "Delivering Good Governance in Local Government" framework and whether it is misleading or inconsistent with other information known to us from our audit work. We found no areas of concern to report in this context.

Economy, efficiency and effectiveness

Our 'value for money' code responsibility requires us to carry out sufficient and relevant work in order to conclude on whether the Authority has put in place proper arrangements to secure economy, efficiency and effectiveness in the use of resources.

The Audit Commission guidance includes two criteria:

- The organisation has proper arrangements in place for securing financial resilience; and
- The organisation has proper arrangements for challenging how it secures economy, efficiency and effectiveness.

We determine a local programme of audit work based on our audit risk assessment, informed by these criteria and our statutory responsibilities.

At the time of drafting this report our work in this area was still in progress.

We will provide a verbal update to the committee.

To date, we have identified the following matters which we wish to bring to your attention:

- The Authority will need to ensure actions are underway to resolve the "budget gap" as identified by its medium term financial strategy up until 2018/19.
- The Authority should undertake prompt analysis of the root causes of the forecast £7.6m overspend in Children's, Adults and Housing in 2015/16 to enable mitigating actions to be taken.

Other reporting requirements

In auditing the accounts of a Local Authority, the auditors must consider:

- Whether we need to report on any questions or objections made to us as auditors.

We have not received any objections to the accounts.

Internal controls

Accounting systems and systems of internal control

Management are responsible for developing and implementing systems of internal financial control and to put in place proper arrangements to monitor their adequacy and effectiveness in practice. As auditors, we review these arrangements for the purposes of our audit of the Statement of Accounts and our review of the annual governance statement.

Reporting requirements

We have to report to you any deficiencies in internal control that we found during the audit which we believe should be brought to your attention.

Summary of control recommendations – Main authority audit

| Deficiency | Recommendation | Management's response |
|--|--|---|
| Gross Internal Area of Assets Revalued [A control point may be added here depending on the outcome of our testing]. | | |
| Bank reconciliations We noted that two bank accounts showed unreconciled differences of £38,765.43 and £99.57. For the purposes of this audit, management produced manual reconciliations for all accounts to show how these differences are reconciled. | The reconciliations should be reviewed and any unreconciled balances should be investigated by the management. | All balances on this reconciliation were reconciled, we were aware of the difference/balance referred to. However, at the time of uploading the reconciliation to the PWC system we unfortunately failed to upload the supporting documentation, which explained the balance. As soon as this was pointed out, the documentation, which explained and evidenced the balance, was provided immediately. There was no time wasted or lost on this matter. This bank account was fully reconciled throughout the year and any balances were investigated, explained and documented. It was a simple oversight that the backing documentation |

was not uploaded until requested.

Summary of control recommendations – Pension Fund audit

| Deficiency | Recommendation | Management's response |
|---|---|---|
| <p>Following up on NFI results on a timely basis</p> <p>Every two years, LBH sends a list of all pensioners to the Audit Commission's NFI Team. The Audit Commission then uses information from DWP to inform LBH of any pensioners that have become deceased. The Commission sent a list of 42 pensioners that had become deceased to LBH on 29/01/2015.</p> <p>However, the Council had not suspended the payroll for all deceased pensioners by March 15 and so overpayments were made to deceased pensioners. We found two such exceptions in our sample of 5. In one instance, a request for the return of overpayment had not been sent at the time of testing (18/08/2015).</p> | <p>NFI results should be followed up promptly by the Authority.</p> | <p>NFI are promptly followed up by the Authority. The HR, Payroll and Pensions Manager did not receive the referred list until 25 June 2015 and dealt with any identified death actions by the required deadline of 31 July 2015.</p> <p>To progress with any type of recovery the Pensions administration Team need to obtain a death certificate, which can in some cases take up to eighteen month after death.</p> <p>The Department of Work and Pensions responsible for the Tell Us Once (TWO) service is being extended to include public sector pension schemes. The TWO collect information from registrars in real time following the death of a citizen. The Authority has agreed to participate in this service, which should significantly reduce the risk of overpayment.</p> |

Risk of fraud

International Standards on Auditing (UK&I) state that we, as auditors, are responsible for obtaining reasonable assurance that the financial statements taken as a whole are free from material misstatement, whether caused by fraud or error. The respective responsibilities of auditors, management and those charged with governance are summarised below:

Auditors' responsibility

Our objectives are:

- to identify and assess the risks of material misstatement of the financial statements due to fraud;
- to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud, through designing and implementing appropriate responses; and
- to respond appropriately to fraud or suspected fraud identified during the audit.

Management's responsibility

Management's responsibilities in relation to fraud are:

- to design and implement programmes and controls to prevent, deter and detect fraud;
- to ensure that the entity's culture and environment promote ethical behaviour; and
- to perform a risk assessment that specifically includes the risk of fraud addressing incentives and pressures, opportunities, and attitudes and rationalisation.

Responsibility of the Audit Committee

Your responsibility as part of your governance role is:

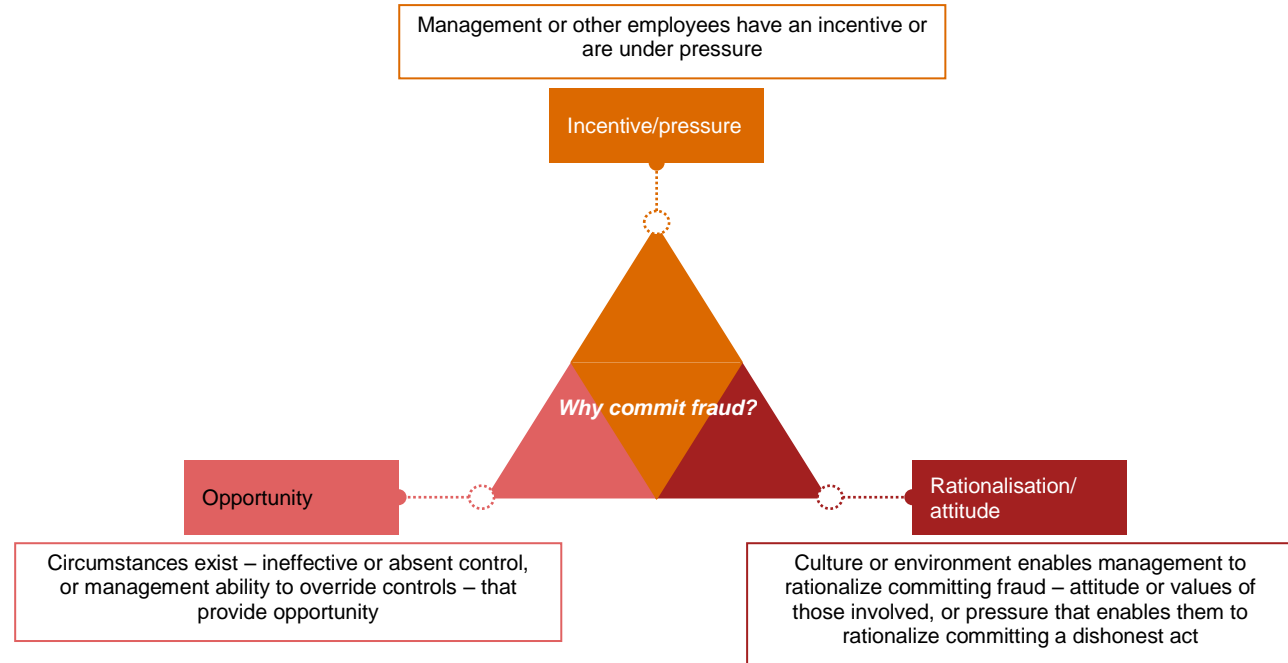
- to evaluate management's identification of fraud risk, implementation of anti-fraud measures and creation of appropriate "tone at the top"; and
- to investigate any alleged or suspected instances of fraud brought to your attention.

Your views on fraud

In our audit plan presented to the Audit Committee in March 2015, we enquired:

- Whether you have knowledge of fraud, either actual, suspected or alleged, including those involving management?
- What fraud detection or prevention measures (e.g. whistle-blower lines) are in place in the entity?
- What role you have in relation to fraud?
- What protocols / procedures have been established between those charged with governance and management to keep you informed of instances of fraud, either actual, suspected or alleged?

In presenting this report to you we ask for your confirmation that there have been no changes to your view of fraud risk and that no additional matters have arisen that should be brought to our attention. A specific confirmation from management in relation to fraud is included in the letter of representation.



Fees update

Fees update for 2014/15

We reported our fee proposals in our audit plan in March 2015.

Our actual fees were in line with our proposals.

Our fees to be charged are therefore:

| | 2014/15 outturn (£) | 2014/15 fee proposal (£) |
|---|---------------------------|--------------------------------|
| Audit work performed under the Code of Audit Practice | 202,459 | 202,459 |
| - Statement of Accounts | | |
| - Conclusion on the ability of the organisation to secure proper arrangements for the economy, efficiency and effectiveness in its use of resources | | |
| - Whole of Government Accounts | | |
| Pension Fund | 24,000 | 24,000 |
| Certification of Claims and Returns | 21,570 * | 21,570 |
| Total Audit Code work | 246,729 | 246,729 |
| Planned non-audit work (outside of the scope of the Code of Audit Practice) | 37,750 | 37,750 |
| Total fees (audit and non-audit work) | 284,479 | 284,479 |

**Our fee for certification of grants and claims is yet to be finalised for 2014/15 as our work is ongoing at the time of writing this report. It will be reported to the within the Certification Report to Management in relation to 2014/15 grants which will be issued to the authority later in the year.*

Appendices

Appendix 1: Summary of uncorrected misstatements

Authority Audit

Uncorrected misstatements

We are pleased to report that we do not have any misstatements which remain unadjusted.

Uncorrected disclosure adjustments

At the time of writing this report, we have yet to perform our final quality review of the final version of the financial statements. We will provide a verbal update to the Committee.

Pension Fund Audit

Uncorrected misstatements

We are pleased to report that we do not have any misstatements which remain unadjusted.

Uncorrected disclosure adjustments

At the time of writing this report, we have yet to perform our final quality review of the final version of the financial statements. We are happy to provide a verbal update to members.

Appendix 2: Letter of representation

PricewaterhouseCoopers LLP
1 Embankment Place
London
WC2N 6NN

Dear Sirs

Representation letter – audit of the London Borough of Havering’s (“the Authority”) Statement of Accounts for the year ended 31 March 2015

Your audit is conducted for the purpose of expressing an opinion as to whether the Statement of Accounts of the Authority give a true and fair view of the affairs of the Authority as at 31 March 2015 and of its surplus and cash flows for the year then ended and have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2014/15 supported by the Service Reporting Code of Practice 2014/15.

I acknowledge my responsibilities as Group Director of Communities and Resources for preparing the Statement of Accounts as set out in the Statement of Responsibilities for the Statement of Accounts. I also acknowledge my responsibility for the administration of the financial affairs of the authority and that I am responsible for making accurate representations to you.

I confirm that the following representations are made on the basis of enquiries of other chief officers and members of the Authority with relevant knowledge and experience and, where appropriate, of inspection of supporting documentation sufficient to satisfy myself that I can properly make each of the following representations to you.

I confirm, to the best of my knowledge and belief, and having made the appropriate enquiries, the following representations:

Statement of Accounts

- I have fulfilled my responsibilities for the preparation of the Statement of Accounts in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2014/15 supported by the Service Reporting Code of Practice 2014/15; in particular the Statement of Accounts give a true and fair view in accordance therewith.
- All transactions have been recorded in the accounting records and are reflected in the Statement of Accounts.

- Significant assumptions used by the Authority in making accounting estimates, including those surrounding measurement at fair value, are reasonable.
- All events subsequent to the date of the Statement of Accounts for which the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2014/15 requires adjustment or disclosure have been adjusted or disclosed.
- The effects of uncorrected misstatements are immaterial, both individually and in the aggregate, to the Statement of Accounts as a whole. A list of the uncorrected misstatements, grouped by category, is attached to this letter.
- The restatement made to correct a material misstatement in the prior period Statement of Accounts that affects the comparative information has 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 2014/15.
- The Statement of Accounts disclose all matters of which we are aware that are relevant to the Authority's ability to continue as a going concern, including all significant conditions and events, mitigating factors and the Authority's plans. The Authority also has the intent and ability to take actions necessary to continue as a going concern. We confirm the following plans for future action to ensure that the Authority will continue as a going concern:
 - The Council recognises that there are significant financial risks associated with a continuing reduction in Central Government funding allied to increasing pressure on services from demographic growth. The Council's MTFS is currently being updated for the three year period up to 2018-19, reflecting our forecast of increasing financial pressures. We have set in place a process of identifying specific savings and income generation proposals which will bridge the gap in the strategy. We expect to approve the new strategy in February 2017.

Information Provided

- I have taken all the steps that I ought to have taken in order to make myself aware of any relevant audit information and to establish that you, the authority's auditors, are aware of that information.
- I have provided you with:
 - access to all information of which I am aware that is relevant to the preparation of the Statement of Accounts such as records, documentation and other matters, including minutes of the Authority and its committees, and relevant management meetings;
 - additional information that you have requested from us for the purpose of the audit; and

- unrestricted access to persons within the Authority from whom you determined it necessary to obtain audit evidence.
- So far as I am aware, there is no relevant audit information of which you are unaware.

Accounting policies

I confirm that I have reviewed the Authority's accounting policies and estimation techniques and, having regard to the possible alternative policies and techniques, the accounting policies and estimation techniques selected for use in the preparation of Statement of Accounts are appropriate to give a true and fair view for the authority's particular circumstances.

Fraud and non-compliance with laws and regulations

I acknowledge responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud.

I have disclosed to you:

- the results of our assessment of the risk that the Statement of Accounts may be materially misstated as a result of fraud.
- all information in relation to fraud or suspected fraud that we are aware of and that affects the Authority and involves:
 - management;
 - employees who have significant roles in internal control; or
 - others where the fraud could have a material effect on the Statement of Accounts.
- all information in relation to allegations of fraud, or suspected fraud, affecting the Authority's Statement of Accounts communicated by employees, former employees, analysts, regulators or others.
- all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing the Statement of Accounts.

I am not aware of any instances of actual or potential breaches of or non-compliance with laws and regulations which provide a legal framework within which the Authority conducts its business and which are central to the authority's ability to conduct its business or that could have a material effect on the Statement of Accounts.

I am not aware of any irregularities, or allegations of irregularities including fraud, involving members, management or employees who have a significant role in the accounting and internal control systems, or that could have a material effect on the Statement of Accounts.

The Authority pension fund has not made any reports to the Pensions Regulator nor am I aware of any such reports having been made by any of our advisors. I confirm that I am not aware of any late contributions or breaches of the schedule of

contributions that have arisen which I considered were not required to be reported to the Pensions Regulator. I also confirm that I am not aware of any other matters which have arisen that would require a report to the Pensions Regulator.

There have been no other communications with the Pensions Regulator or other regulatory bodies during the year or subsequently concerning matters of non-compliance with any legal duty.

Related party transactions

I confirm that the attached appendix to this letter is a complete list of the Authority's related parties. All material transfer of resources, services or obligations between the Authority and these parties have been disclosed to you, regardless of whether a price is charged. We are unaware of any other related parties, or transactions between disclosed related parties.

Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of Section 3.9 of the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2014/15.

We confirm that we have identified to you all senior officers, as defined by the Accounts and Audit Regulations 2011, and included their remuneration in the disclosures of senior officer remuneration.

Except as disclosed in the statement of accounts, no transactions involving members, officers and others requiring disclosure in the Statement of Accounts under the CIPFA/LASAAC Code of Practice on the Local Authority Accounting in the United Kingdom 2014/15 have been entered into.

Employee Benefits

I confirm that we have made you aware of all employee benefit schemes in which employees of the authority participate.

Contractual arrangements/agreements

All contractual arrangements (including side-letters to agreements) entered into by the Authority have been properly reflected in the accounting records or, where material (or potentially material) to the statement of accounts, have been disclosed to you.

The Authority has complied with all aspects of contractual agreements that could have a material effect on the Statement of Accounts in the event of non-compliance. There has been no non-compliance with requirements of regulatory authorities that could have a material effect on the Statement of Accounts in the event of non-compliance.

I have disclosed all material agreements that have been undertaken by the Authority in carrying on its business.

Litigation and claims

I have disclosed to you all known actual or possible litigation and claims whose effects should be considered when preparing the statement of accounts and such matters have been appropriately accounted for and disclosed in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2014/15.

Taxation

I have complied with UK taxation requirements and have brought to account all liabilities for taxation due to the relevant tax authorities whether in respect of any direct tax or any indirect taxes. I am not aware of any non-compliance that would give rise to additional liabilities by way of penalty or interest and I have made full disclosure regarding any Revenue Authority queries or investigations that we are aware of or that are ongoing.

In particular:

- In connection with any tax accounting requirements, I am satisfied that our systems are capable of identifying all material tax liabilities and transactions subject to tax and have maintained all documents and records required to be kept by the relevant tax authorities in accordance with UK law or in accordance with any agreement reached with such authorities.
- I have submitted all returns and made all payments that were required to be made (within the relevant time limits) to the relevant tax authorities including any return requiring us to disclose any tax planning transactions that have been undertaken for the authority's benefit or any other party's benefit.
- I am not aware of any taxation, penalties or interest that are yet to be assessed relating to either the authority or any associated company for whose taxation liabilities the authority may be responsible.

Using the work of experts

I agree with the findings of Wilks, Head & Eve LLP, experts in evaluating the valuation of investment property and property, plant and equipment, and Hymans Robertson LLP, experts in evaluating the net pensions liability. I have adequately considered the competence and capabilities of the experts in determining the amounts and disclosures used in the preparation of the Statement of Accounts and underlying accounting records. The Authority did not give or cause any instructions to be given to experts with respect to the values or amounts derived in an attempt to bias their work, and I am not otherwise aware of any matters that have had an impact on the objectivity of the experts.

Pension fund assets and liabilities

All known assets and liabilities including contingent liabilities, as at the 31 March 2015, have been taken into account or referred to in the Statement of Accounts.

Details of all financial instruments, including derivatives, entered into during the year have been made available to you. Any such instruments open at the 31 March 2015 have been properly valued and that valuation incorporated into the Statement of Accounts.

The pension fund has satisfactory title to all assets and there are no liens or encumbrances on the pension fund's assets.

The value at which assets and liabilities are recorded in the net assets statement is, in the opinion of the authority, the market value. We are responsible for the reasonableness of any significant assumptions underlying the valuation, including consideration of whether they appropriately reflect our intent and ability to carry out specific courses of action on behalf of the pension fund. Any significant changes in those values since the date of the Statement of Accounts have been disclosed to you.

Pension fund registered status

I confirm that the London Borough of Havering Pension Fund is a Registered Pension Scheme. We are not aware of any reason why the tax status of the scheme should change.

Bank accounts

I confirm that I have disclosed all bank accounts to you including those that are maintained in respect of the pension fund.

Subsequent events

Other than as described in the Statement of Accounts, there have been no circumstances or events subsequent to the period end which require adjustment of or disclosure in the statement of accounts or in the notes thereto.

Retirement benefits

- All significant retirement benefits that the Authority is committed to providing, including any arrangements that are statutory, contractual or implicit in the authority's actions, wherever they arise, whether funded or unfunded, approved or unapproved, have been identified and properly accounted for and/or disclosed.
- All settlements and curtailments in respect of retirement benefit schemes have been identified and properly accounted for.
- The authority participates in the Teachers' Pension Scheme that is a defined benefit scheme. I confirm that the authority's share of the underlying assets and liabilities of this scheme cannot be identified and as a consequence the scheme has been accounted for as a defined contribution scheme.
- The following actuarial assumptions underlying the valuation of retirement benefit scheme liabilities are consistent with my knowledge of the business and in my view would lead to the best estimate of the future cash flows that will arise under the scheme liabilities:
 - Longevity at 65 for current pensioners is estimated to be 22.1 years for men and 24.1 years for women
 - Longevity at 65 for future pensioners is estimated to be 24.2 years for men and 26.7 years for women
 - The rate of inflation and the rate of increase in pensions is anticipated to be 3.0%
 - The rate of increase in salaries is anticipated to be 3.0%
 - The discount rate is estimated at 3.1%

Provisions

- Provisions for depreciation and diminution in value including obsolescence have been made against property, plant and equipment on the bases described in the statement of accounts and at rates calculated to reduce the net book amount of each asset to its estimated residual value by the end of its probable useful life in the authority's business. In this respect I am satisfied that the probable useful lives have been realistically estimated and that the residual values are expressed in current terms.
- Full provision has been made for all liabilities at the balance sheet date including guarantees, commitments (in particular in relation to redundancy plans) and contingencies where the items are expected to result in significant loss. Other such items, where in my opinion provision is unnecessary, have been appropriately disclosed in the Statement of Accounts.

Assets and liabilities

- The Authority has no plans or intentions that may materially alter the carrying value and where relevant the fair value measurements or classification of assets and liabilities reflected in the Statement of Accounts.
- In my opinion, on realisation in the ordinary course of the business the current assets in the balance sheet are expected to produce no less than the net book amounts at which they are stated.
- The Authority has no plans or intentions that will result in any excess or obsolete inventory, and no inventory is stated at an amount in excess of net realisable value.
- I confirm our intention to dispose of assets disclosed as assets held for sale within the next 12 months.
- The Authority has satisfactory title to all assets and there are no liens or encumbrances on the Authority's assets, except for those that are disclosed in the Statement of Accounts.
- I confirm that we have carried out impairment reviews appropriately, including an assessment of when such reviews are required, where they are not mandatory. I confirm that we have used the appropriate assumptions with those reviews.

Disclosures

- Where appropriate, the following have been properly recorded and adequately disclosed in the Statement of Accounts:
 - The identity of, and balances and transactions with, related parties.
 - Losses arising from sale and purchase commitments.
 - Agreements and options to buy back assets previously sold.
 - Assets pledged as collateral.
- I confirm that the Authority has recorded or disclosed, as appropriate, all formal or informal arrangements with financial institutions involving compensating balances or other arrangements involving restrictions on cash balances and line of credit or similar arrangements.

- I confirm that the Authority has recorded or disclosed, as appropriate, all liabilities, both actual and contingent, and has disclosed in the statement of accounts all guarantees that we have given to third parties, including oral guarantees made by the Authority on behalf of an affiliate, member, officer or any other third party.

Items specific to Local Government

I confirm that the Authority does not have plans to implement any redundancy/early retirement programmes for which we should have made provision in the Statement of Accounts.

I confirm that the Authority has determined a prudent amount of revenue provision for the year under the Prudential Framework.

I confirm that the Authority has determined a proper application of the statutory provisions for the neutralisation of the impact of accumulating compensated absences on the General Fund balance.

As minuted by the Audit Committee at its meeting on 24 September 2015.

.....
Group Director of Communities and Resources

.....
Date

.....
Chairman of the Audit Committee

.....
Date

Appendix 1 - Related parties

Complete list of the Authority's related parties:

Entities

| |
|---|
| Age Concern Havering (tapestry) |
| Barking, Havering and Redbridge NHS Trust |
| Bower Park Academy |
| BT Global Services |
| East London Waste Authority |
| First Step |
| Havering Arts Council |
| Havering Association for People with Disabilities |
| Havering Bands and Majorettes Association |
| Havering Museum Ltd |
| Havering Theatre Trust |
| LGA |
| Lucas Children's Play Charity |
| Mardyke Youth & Community Association |
| NELFMT |
| Veolia North Thames Trust |
| Havering Over 50's Forum |
| Havering College of Further Education |
| Romford Combined Charity |
| Poyntz Charity |
| Essex Wildlife Trust |



Individuals

Officers

Andrew Blake-Herbert

Cheryl Coppel

Joy Hollister

Deborah Hindson

Councillors

June Alexander

Clarence Barrett

Robert Benham

Raymond Best

Wendy Brice-Thompson

Michael Deon Burton

Joshua Chapman

John Crowder

Philippa Crowder

Keith Darvill

Meg Davis

Ian De Wulverton

Osman Dervish

London Borough of Havering



Nic Dodin

Alex Donald

David Durant

Brian Eagling

Gillian Ford

Jason Frost

Jody Ganly

John Glanville

Linda Hawthorne

Philip Hyde

David Johnson

Steven Kelly

Phil Martin

Barbara Matthews

Robbie Misir

Ray Morgan

Barry Mugglestone

John Mylod

Stephanie Nunn

Ron Ower

London Borough of Havering



Gary Pain

Dilip Patel

Viddy Persaud

Roger Ramsey

Keith Roberts

Patrica Rumble

Carol Smith

Frederick Thompson

Linda Trew

Jeffery Tucker

Linda van den Hende

Melvin Wallace

Lawrence Webb

Roger Westwood

Damian White

Michael White


Reginald Whitney

Julie Wilks

Graham Williamson

Darren Wise

London Borough of Havering



John Wood

Michael Armstrong

Rebecca Bennett

Sandra Binion

Jeff Brace

Denis Breading

Andrew Curtin

Keith Darvill

Roger Evans

Georgina Galpin

Peter Gardner

Pam Light

Mark Logan

Paul McGeary

Eric Munday

Pat Murray

Dennis O'Flynn

Barry Oddy

Fred Osborne

Paul Rochford

London Borough of Havering



Geoff Starns

Billy Taylor

Barry Tebbutt

Keith Wells



In the event that, pursuant to a request which London Borough of Havering has received under the Freedom of Information Act 2000, it is required to disclose any information contained in this report, it will notify PwC promptly and consult with PwC prior to disclosing such report. London Borough of Havering agrees to pay due regard to any representations which PwC may make in connection with such disclosure and London Borough of Havering shall apply any relevant exemptions which may exist under the Act to such report. If, following consultation with PwC, London Borough of Havering discloses this report or any part thereof, it shall ensure that any disclaimer which PwC has included or may subsequently wish to include in the information is reproduced in full in any copies disclosed.

This document has been prepared only for London Borough of Havering and solely for the purpose and on the terms agreed through our contract with the Audit Commission. We accept no liability (including for negligence) to anyone else in connection with this document, and it may not be provided to anyone else.

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