

London Borough of Havering
Audit Results Report

Year ended 31 March 2024

20 January 2025



APPENDIX A



Audit Committee
London Borough of Havering
Town Hall
Main Road
Romford RM1 3BB

20 January 2025

Dear Audit Committee Members,
2023/24 Audit Results Report

We are pleased to attach our Audit Results Report, summarising the status of our audit for the forthcoming meeting of the Audit Committee. We will update the Audit Committee at its meeting scheduled for 30 January 2025 on further progress to that date and explain the remaining steps to the issue of our final opinion.

The audit is designed to express an opinion on the 2023/24 financial statements and address current statutory and regulatory requirements. This report contains our findings related to the areas of audit emphasis, our views on London Borough of Havering's accounting policies and judgements and material internal control findings.

This report considers the impact of Government proposals, which have now been enacted through secondary legislation, to clear the backlog in local audit and put the local audit system on a sustainable footing. The proposals recognise that timely, high-quality financial reporting and audit of local bodies is a vital part of our democratic system. Not only does it support good decision making by local bodies, by enabling them to plan effectively, make informed decisions and manage their services, it ensures transparency and accountability to local taxpayers. All stakeholders have a critical role to play in addressing the audit backlog.

The Audit Committee, as the London Borough of Havering's body charged with governance, has an essential role in ensuring that it has assurance over both the quality of the draft financial statements prepared by management and the Council's wider arrangements to support the delivery of a timely and efficient audit. We will consider and report on the adequacy of the Council's external financial reporting arrangements and the effectiveness of the audit committee in fulfilling its role in those arrangements as part of our assessment of Value for Money arrangements, and consider the use of other statutory reporting powers to draw attention to weaknesses in those arrangements where we consider it necessary to do so.

Given that Statutory Instrument 2024/907 "The Accounts and Audit (Amendment) Regulations 2024 ("SI 2024/907") imposes a backstop date of 28 February 2025 by which date we are required to issue our opinion on the financial statements, we have considered whether the time constraints imposed by the backstop date mean that we cannot complete all necessary procedures to obtain sufficient, appropriate audit evidence to support the opinion and fulfil all the objectives of all relevant ISAs (UK).

We have also taken into account SI 2024/907 and Local Authority Reset and Recovery Implementation Guidance Notes issued by the National Audit Office and endorsed by the Financial Reporting Council, together with the requirements of the Local Audit and Accountability Act 2014, the National Audit Office's 2020 Code of Audit Practice, the Statement of Responsibilities issued by Public Sector Audit Appointments (PSAA) Ltd, auditing standards and other professional requirements.

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As reported in our 18 November 2024 Audit Completion Report to Those Charged with Governance, we issued a disclaimed audit report on the Council's financial statements for 2021/22 and 2022/23 under the arrangements to reset and recover local government audit.

Although we have commenced limited work to rebuild assurance ahead of the 2023/24 backstop date, as set out within this report we have not been able to complete our planned programme of work to obtain sufficient evidence to have reasonable assurance over all closing balances.

As a result of the 2022/23 disclaimed audit report, we do not have assurance over the brought forward balances from 2022/23 (the opening balances). This means we also do not have assurance over a number of 2023/24 in-year movements that depend on those opening balances, and some closing balances (particularly reserves). We also do not have assurance over the 2022/23 comparative amounts disclosed in the 2023/24 financial statements.

Appendix A of this report sets out the level of assurance we have been able to gain from the procedures that we have completed.

Taken together alongside the requirement to conclude our work by the 2023/24 back stop date, the lack of evidence over these movements and balances mean we are unable to conclude that the 2023/24 financial statements are free from material and pervasive misstatement of the financial statements.

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

Yours faithfully

MARK HODGSON

Mark Hodgson

Partner

For and on behalf of Ernst & Young LLP

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Public Sector Audit Appointments Ltd (PSAA) issued the “Statement of responsibilities of auditors and audited bodies”. It is available from the PSAA website (<https://www.psa.co.uk/managing-audit-quality/statement-of-responsibilities-of-auditors-and-audited-bodies/statement-of-responsibilities-of-auditors-and-audited-bodies-from-2023-24-audits>). The Statement of responsibilities serves as the formal terms of engagement between appointed auditors and audited bodies. It summarises where the different responsibilities of auditors and audited bodies begin and end, and what is to be expected of the audited body in certain areas.

The “Terms of Appointment and further guidance (updated July 2021)” issued by the PSAA sets out additional requirements that auditors must comply with, over and above those set out in the National Audit Office Code of Audit Practice (the Code), and in legislation, and covers matters of practice and procedure which are of a recurring nature.

This report is made solely to the Audit Committee and management of London Borough of Havering in accordance with the statement of responsibilities. Our work has been undertaken so that we might state to the Audit Committee and management of London Borough of Havering those matters we are required to state to them in this report and for no other purpose. To the fullest extent permitted by law we do not accept or assume responsibility to anyone other than the Audit Committee and management of London Borough of Havering for this report or for the opinions we have formed. It should not be provided to any third-party without our prior written consent.



01

Executive Summary

Executive Summary – Context for the audit

Context for the audit – Department for Levelling-up, Housing and Communities (DLUHC) and Financial Reporting Council (FRC) measures to address local audit delays

Timely, high-quality financial reporting and audit of local bodies is a vital part of our democratic system. It supports good decision making by local bodies and ensures transparency and accountability to local taxpayers. There is general agreement that the backlog in the publication of audited financial statements by local bodies has grown to an unacceptable level and there is a clear recognition that all stakeholders in the sector need to work together to address this. Reasons for the backlog across the system have been widely reported and include:

- ▶ Lack of capacity within the local authority financial accounting profession
- ▶ Increased complexity of reporting requirements within the sector
- ▶ Lack of capacity within audit firms with public sector experience
- ▶ Increased regulatory pressure on auditors, which in turn has increased the scope and extent of audit procedures performed.

MHCLG (formerly DLUHC) has worked collaboratively with the FRC, as incoming shadow system leader, and other system partners, to develop and implement measures to clear the backlog. SI 2024/907, together with the updated National Audit Office Code of Audit Practice 2024 and the Local Authority Reset and Recovery Implementation Guidance, have all been developed to ensure auditor compliance with International Standards on Auditing (UK) (ISAs (UK)). The approach to addressing the backlog consists of three phases:

- ▶ Phase 1: Reset involving clearing the backlog of historic audit opinions up to and including financial year 2022/23 by 13 December 2024.
- ▶ Phase 2: Recovery from Phase 1, starting from 2023/24, in a way that does not cause a recurrence of the backlog by using backstop dates to allow assurance to be rebuilt over multiple audit cycles. The backstop date for audit of the 2023/24 financial statements is 28 February 2025.
- ▶ Phase 3: Reform involving addressing systemic challenges in the system and embedding timely financial reporting and audit.

As reported in our 18 November 2024 Audit Completion Report to the Audit Committee we issued a disclaimed audit report on the Council's financial statements for 2021/22 and 2022/23 under these arrangements to reset and recover local government audit. Although we have commenced limited work to rebuild assurance ahead of the 2023/24 backstop date, we have not obtained sufficient evidence to have reasonable assurance over all closing balances. As a result of the 2022/23 disclaimed audit report, we do not have assurance over the brought forward balances from 2022/23 (the opening balances). This means we do not have assurance over 2023/24 in-year movements and some closing balances. We also do not have assurance over the 2022/23 comparative amounts disclosed in the 2023/24 financial statements. Taken together with the requirement to conclude our work by the 2023/24 back stop date, the lack of evidence over these movements and balances mean we are unable to conclude that the 2023/24 financial statements are free from material and pervasive misstatement of the financial statements. We therefore anticipate issuing a disclaimed 2023/24 audit opinion.

A summary of the assurances we have gained from our 2023/24 audit procedures is set out at Appendix A.

Expected modification to the audit report

As reported in our 18 November 2024 Audit Completion Report to Those Charged with Governance, we issued a disclaimed audit report on the Council's financial statements for 2021/22 and 2022/23 under the arrangements to reset and recover local government audit.

Although we have commenced limited work to rebuild assurance ahead of the 2023/24 backstop date, as set out within this report we have not been able to complete our planned programme of work to obtain sufficient evidence to have reasonable assurance over all closing balances.

As a result of the 2022/23 disclaimed audit report, we do not have assurance over the brought forward balances from 2022/23 (the opening balances). This means we also do not have assurance over a number of 2023/24 in-year movements that depend on those opening balances, and some closing balances (particularly reserves). We also do not have assurance over the 2022/23 comparative amounts disclosed in the 2023/24 financial statements.

Taken together alongside the requirement to conclude our work by the 2023/24 back stop date, the lack of evidence over these movements and balances mean we are unable to conclude that the 2023/24 financial statements are free from material and pervasive misstatement of the financial statements.

We therefore anticipate issuing a disclaimed 2023/24 audit opinion.

Appendix A of this report sets out the level of assurance we have been able to gain from the procedures that we have completed

We note that our audit resource to complete your audit are finite before the 2023/24 backstop date. Even if it were possible by the backstop date, we will not move resources from other audits to complete the outstanding elements from our programme of work for 2023/24, which would put those other audits at risk through no fault of their own. Insufficient support to the audit meaning that it takes significantly longer than should be necessary is one example of the factors that led to the backlog in the first place, and why the backstop has been introduced.

This is in line with the Government's recovery phase and guidance issued by the FRC within their 'Accessible Guide' which sets out a minimum 3 year timeline to re-build audit assurances to gain full assurance over opening, closing balances and in year movements.

Executive Summary

Scope update

In our Audit Plan presented at the 25 July 2024 Audit Committee meeting, we provided you with an overview of our audit scope and approach for the audit of the financial statements. We carried out our audit in accordance with this plan, with the following exceptions:

- ▶ As a result of the conclusion of the 2020/21 audit, we have increased the level of risk on Going Concern from inherent to significant. We have summarised the changes to our approach in the relevant risk section of the Audit Results Report.
- ▶ Changes in materiality: In our Audit Planning Report, we communicated that our audit procedures would be performed using a materiality of £7.3 million. We updated our planning materiality assessment using the draft consolidated results and have also reconsidered our risk assessment. Based on our materiality measure of gross expenditure, we have updated our overall materiality assessment to £7.6 million (Audit Planning Report – £7.3 million). This results in updated performance materiality, at 75% of overall materiality, of £3.8 million, and an updated threshold for reporting misstatements of £0.382 million.

A summary of our approach to the audit of the balance sheet including any changes to that approach from the prior year audit is included in Appendix A.

Status of the audit

Our audit work in respect of the London Borough of Havering opinion is nearing completion. We have met with Management to discuss the importance of facilitating remaining requests to achieve the backstop date, and have set out our Summary of Assurances in Appendix A. The following items relating to the completion of our audit procedures were outstanding at the date of this report.

• Cash and Cash Equivalents - Resolution of final queries on unsupported cash balances	• Short Term Debtors - Resolution of remaining sample queries
• Investments in Subsidiaries and Joint Ventures - Final consideration of impact of 20/21 reporting points on 2023/24	• Payroll Testing - Resolution of final comments, including procedures around starters & leavers and our residual sample testing
• Pension Scheme Liability - Assurances required from the Pension Fund auditor	• Housing Benefits - Initial variance based on our analytical procedures is outside of threshold and requires resolution.
• Property, Plant and Equipment Valuations - Follow up queries on detailed valuation assumptions	• Other Expenditure - awaiting receipt of requested sample queries
• Property, Plant and Equipment Additions - Outstanding queries in respect of our selected sample	• REFCUS - to review received responses in respect of follow up queries
• Collection Fund - To review final work performed & consideration of differences to the specialist report (in respect of NDR Appeals Provision)	• All Other Disclosures - final comments to support minor disclosure figures
• Going Concern - To review going concern disclosures & consult with Professional Practice on our going concern conclusions	• Reserves - resolution of final queries in respect of movements in Reserves
• MRP and CFR - Final consideration of impact of 20/21 reporting points on 2023/24	• HRA Income & Expenditure - Initial variance based on our analytical procedures is outside of threshold and requires resolution.
• Value for Money - specific procedures required to address our identified risk around budget setting and monitoring	• Journal Entry Testing - Testing of final journal entry items based on receipt of final evidence

Executive Summary (cont'd)

Closing Procedures:

- Review of the final version of the financial statements;
- Completion of subsequent events review;
- Receipt of the signed management representation letter; and
- Final Manager and Engagement Partner reviews.

Until work is complete, further amendments may arise. We expect to issue the audit certificate after we issue the audit opinion, once the requirements in respect of the WGA submission are known and any procedures completed.

Value for Money

In our Audit Plan dated 14 May 2024, we reported that we had not completed our value for money (VFM) risk assessment. Having updated and completed the planned procedures in these areas we have identified two areas of risk of a significant weakness. See Section 03 of the report for further details.

Audit differences

We have identified the following through the course of our audit to date:

Corrected differences

- ▶ The Bad Debt Provision in respect of Council Tax is understated by £0.385 million for the Collection Fund. This would have a net impact of increasing expenditure for the Council by £0.302 million.
- ▶ The Bad Debt Provision in respect of Sundry Debtors is overstated by £2.552 million. The level of provision was retained at the 2022/23 level, despite a significant fall in the level of aged debtors. Using the same methodology as in 2022/23 generated a Bad Debt Provision £2.552 million lower than that included in the Statement of Accounts. This would have an impact of decreasing expenditure for the Council by £2.552 million.
- ▶ Whilst the Collection Fund correctly reflects the movement in the closing NDR Appeals Provision, the closing provision on the Council's Balance Sheet is inconsistent with the figures calculated by the external specialist. As a result, the NDR Appeals Provision is understated by £0.839 million, which would increase expenditure for the Council by the same amount.

Corrected Differences

- ▶ Management have corrected misstatements amounting to £10.609 million, where HRA interest was grossed up. This meant that both Interest Income & Interest Expenses were overstated by £10.609 million, and this has no net impact on the Comprehensive Income & Expenditure Statement.

Disclosure Differences

- ▶ Disclosure misstatements have also been identified and corrected by the Council. This includes an update of the Cash Flow Statement, an updated Going Concern disclosure and amendments to disclosures around Related Party Transactions.

Executive Summary (cont'd)

Areas of audit focus

In our Audit Plan we identified a number of key areas of focus for our audit of the financial report of London Borough of Havering. This report sets out our observations and status in relation to these areas, including our views on areas which might be conservative and areas where there is potential risk and exposure. Our consideration of these matters and others identified during the period is explained within the 'Areas of Audit Focus' section of this report and summarised below.

Type of risk	Description	Findings and conclusion
Fraud Risk	Management Override: Misstatements due to fraud or error	We have not yet fully completed our work in this area and will provide a verbal update on 30 January 2025.
Fraud Risk	Risk of incorrect capitalisation of revenue expenditure (including Revenue Expenditure Funded from Capital Under Statute)	We have not yet fully completed our work in this area and will provide a verbal update on 30 January 2025.
Fraud Risk	Accounting adjustments made in the 'Movement in Reserves Statement	We have not yet fully completed our work in this area and will provide a verbal update on 30 January 2025.
Significant risk	Valuation of Investment Property	We have not yet fully completed our work in this area and will provide a verbal update on 30 January 2025.
Significant risk	Going Concern	We have not yet fully completed our work in this area and will provide a verbal update on 30 January 2025.
Inherent Risk	Valuation of land and buildings and council dwellings	We have not yet fully completed our work in this area and will provide a verbal update on 30 January 2025.
Inherent Risk	Pension Liability valuation	We have not yet fully completed our work in this area and will provide a verbal update on 30 January 2025.
Inherent Risk	Accounting for impairments of a receivable	We have completed our work in this area and have identified two audit differences. The net impact is that the Bad Debt Provision is overstated by £2.167 million.
Inherent Risk	Business Rates Appeals Provision	We have not yet completed our work in this area and will provide a verbal update on 30 January 2025. We have identified a difference between the amount recognised by the Council, and the specialist total, which equates to a difference of £0.839 million.
Inherent Risks	Group Financial Statements Valuation of Inventory at lower of cost and net realisable value Consolidation Procedures	To date, we have not received the required reporting from any of the component auditors of the subsidiaries or joint ventures that we have scoped into our group audit procedures. Given the procedures we would need to perform locally to gain assurance over group balances, we are no longer able to complete this in advance of the backstop date. We will therefore not be able to provide any assurance over the group financial statements and have stopped further procedures.

We request that you review these and other matters set out in this report to ensure:

- ▶ There are no further considerations or matters that could impact these issues.
- ▶ You concur with the resolution of the issue.
- ▶ There are no further significant issues you are aware of to be considered before the financial report is finalised.

There are no matters, other than those reported by Management or disclosed in this report, which we believe should be brought to the attention of the Audit Committee.



APPENDIX A

Executive Summary (cont'd)

Other Reporting Issues

We have reviewed the information presented in the Annual Governance Statement for consistency with our knowledge of the Council. We have no matters to report as a result of this work.

We have not yet completed the procedures required by the National Audit Office (NAO) on the Whole of Government Accounts, as we await their annual instructions.

Control observations

During the audit, we did not have any specific observations in respect of the control environment.

Independence

Please refer to Section 08 for our update on Independence.



02

Areas of Audit Focus

Areas of Audit Focus

Fraud Risk

Misstatements due to fraud or error – management override and incorrect posting of investment journals

What is the risk, and the key judgements and estimates?

The financial statements as a whole are not free of material misstatements whether caused by fraud or error.

As identified in ISA (UK) 240, management is in a unique position to perpetrate fraud because of its ability to manipulate accounting records directly or indirectly and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively.

Our response to the key areas of challenge and professional judgement

As set out in the Audit Plan, we have performed the below procedures:

- Identified fraud risks during the planning stage;
- Inquired management about risks of fraud and the controls put in place to address those risks.
- Understood the oversight given by those charged with governance of management's processes over fraud.
- Discussed with those charged with governance the risks of fraud in the entity, including those risks that are specific to the entity's business sector (those that may arise from economic industry and operating conditions).
- Considered the effectiveness of management's controls designed to address the risk of fraud.
- Determined an appropriate strategy to address the identified risks of fraud.
- Undertook procedures to identify significant unusual transactions.

We are yet to perform the following procedures in full:

- Perform mandatory procedures regardless of specifically identified fraud risks, including testing of journal entries and other adjustments in the preparation of the financial statements.
- Considered whether management bias was present in the key accounting estimates and judgements in the financial statements.

What are our conclusions?

As reported in our Audit Plan, our work to identify fraud risks during the planning stages identified those areas of the accounts that involve management estimates and judgements as the key areas at risk of manipulation. The identified areas were:

- the incorrect capitalisation of revenue expenditure
- accounting adjustments made in the 'Movement in Reserves Statement'

The status of our work on these specific risks are set out on the following two pages.

Areas of Audit Focus

Fraud Risk

Inappropriate capitalisation of revenue expenditure (including Revenue Expenditure Funded from Capital Under Statute)

What is the risk, and the key judgements and estimates?

Under ISA 240 there is a presumed risk that revenue may be misstated due to improper revenue recognition. In the public sector, this requirement is modified by Practice Note 10 issued by the Financial Reporting Council, which states that auditors should also consider the risk that material misstatements may occur by the manipulation of expenditure recognition.

In our Audit planning, we assessed the risk is most likely to occur through the inappropriate capitalisation of revenue expenditure.

Our response to the key areas of challenge and professional judgement

We are yet to perform the following procedures in full:

- Tested Property, Plant and Equipment (PPE) / Investment Property (IP) additions to ensure that the expenditure incurred and capitalised is clearly capital in nature.
- Assessed whether the capitalised spend clearly enhanced or extended the useful life of asset rather than simply repairing or maintaining the asset on which it is incurred.
- Considered whether any development or other related costs that have been capitalised are reasonable to capitalise i.e. the costs incurred are directly attributable to bringing the asset into operational use.
- Tested REFCUS to ensure that it was appropriate for the revenue expenditure incurred to be financed from ringfenced capital resources.
- Identified and understood the basis for any significant journals transferring expenditure from revenue to capital codes on the general ledger at the end of the year.

What is the status of our work?

At the date of issuing our Audit Results Report, we have not completed our work in respect of the Inappropriate capitalisation of revenue expenditure risk.

We will update the Audit Committee verbally at the meeting on 30 January.

Areas of Audit Focus

Fraud Risk

Accounting adjustments made in the 'Movement in Reserves Statement'

What is the risk, and the key judgements and estimates?

The Council is under financial pressure to achieve its revenue budget. Manipulating expenditure is a key way of achieving these targets.

We consider the risk applies to accounting adjustments made in the movement in reserves statement.

The adjustments between accounting basis and funding basis under Regulation changes the amounts charged to General Fund balances. Regulations are varied and complex, resulting in a risk that management misstatement accounting adjustments to manipulate the General Fund balance. We have identified the risk to be highest for adjustments concerning:

- REFCUS
- Capital Grants
- Depreciation, impairments and revaluation losses
- Minimum revenue provision

Our response to the key areas of challenge and professional judgement

We are yet to perform the following procedures in full:

- Sample testing REFCUS to ensure the expenditure met the definition of allowable expenditure, or is incurred under direction from the Secretary of State.
- Reconciled entries for consistency to other audited accounts within the financial statements, for example our work on Property, Plant and Equipment to support adjustments made for depreciation, impairments, revaluation losses, and application of capital grants.
- Reviewed the Council's policy and application of the 'Minimum Revenue Provision'
- Used our data analytics tool to identify and test journal entries adjustments made in the movement in reserves statement.

What is the status of our work?

At the date of issuing our Audit Results Report, we have not completed our work in respect of the Accounting adjustments made in the 'Movement in Reserves Statement'.

We will update the Audit Committee verbally at the meeting on 30 January.

Areas of Audit Focus

Significant Risk

Going Concern

What is the risk, and the key judgements and estimates?

There is material uncertainty on the current levels of service provision as set out in the updated Medium Term Financial Strategy which estimates a budget gap of £32.5 million in 24/25 and rises to £81.9 million over the next four years. In February 2024, the Secretary of State approved the capitalisation direction of £53.7 million.

We initially flagged this as an inherent risk in our audit strategy, and escalated this to a significant risk based on the conclusion of the 20/21 audit which included an Emphasis of Matter on the going concern disclosures.

Our response to the key areas of challenge and professional judgement

We will meet the requirements of the revised auditing standard on going concern (ISA 570) and consider the adequacy of the Council's going concern assessment and its disclosures in the accounts by:

- Reviewing the Council's cashflow forecast covering the foreseeable future, to ensure that it has sufficient liquidity to continue to operate as going concern;
- Undertaking a 'stand back' review to consider all of the evidences obtained, whether corroborative or contradictory, when we draw our conclusions on going concern;
- Revising the appropriateness of the Council's going concern disclosure and corroborating evidence;
- Consideration of exercising our statutory powers at this point and if appropriate issuing a statutory written recommendations under section 24 (schedule 7) of the Local Audit and Accountability Act 2014.

What else did we do?

In order to reach our conclusion we will also:

- Review the latest financial forecasts and consider the impact of our work on Value for Money arrangements on the going concern disclosure
- Consult on any modifications to our opinion wording with our Professional Practice

What is the status of our work?

At the date of issuing our Audit Results Report, we have not completed our work in respect of Going Concern.

We will update the Audit Committee verbally at the meeting on 30 January.

Areas of Audit Focus

Significant risk

Valuation of Investment Property

What is the risk, and the key judgements and estimates?

Investment Property represents a significant balance in the Council accounts (22/23: £48.124 million).

Management is required to make material judgments and apply estimation to calculate the year-end balances recorded in the Balance Sheet.

Our response to the key areas of challenge and professional judgement

We are yet to perform the following procedures in full:

- Considered the work performed by the Council's valuer, including the adequacy of the scope of the work performed, their professional capabilities and results of their work.
- Sample tested key asset information used by the valuer in performing their valuation (e.g. market rent).
- Considered the annual cycle of valuations to ensure that investment properties have been valued annually as required by the Code.
- Tested if accounting entries had been correctly processed in the financial statements.

What is the status of our work?

At the date of issuing our Audit Results Report, we have not completed our work in respect of the valuation of investment property.

We will update the Audit Committee verbally at the meeting on 30 January.

Areas of Audit Focus

Inherent Risk

Valuation of land and buildings and council dwellings

What is the risk, and the key judgements and estimates?

The valuation of land and buildings and council dwellings represent significant balance in the Council's accounts (22/23: £1.279 billion). These balances are subject to valuation changes, impairment reviews, and depreciation charges. In calculating amounts recorded in the balances sheet, management are required to make material judgements and apply estimation techniques. We consider that the judgments and estimates made by management are likely to have a material impact on the valuation of these assets.

ISAs (UK and Ireland) 500 and 540 require us to undertake procedures on the use of experts and assumptions underlying fair value estimates.

Our response to the key areas of challenge and professional judgement

We are yet to perform the following procedures in full:

- Considered the work performed by the valuer, including the adequacy of the scope of the work performed, their professional capabilities and the results of their work.
- Sample tested key asset information used by the valuer in performing their valuation (e.g. floor plans to support valuations based on price per square metre).
- ▶ Consider the annual cycle of valuations to ensure that assets have been valued within a 5 year rolling programme as required by the Code for PPE. We have also considered if there are any specific changes to assets that have occurred and that these have been communicated to the valuer;
- ▶ Review assets not subject to valuation in 2023/24 to confirm that the remaining asset base is not materially misstated;
- ▶ Consider changes to useful economic lives as a result of the most recent valuation; and
- ▶ Test accounting entries have been correctly processed in the financial statements.

What is the status of our work?

At the date of issuing our Audit Results Report, we have not completed our work in respect of the valuation of other land and buildings and council dwellings.

We will update the Audit Committee verbally at the meeting on 30 January.

Areas of Audit Focus

Inherent Risk

Pension Liability Valuation

What is the risk, and the key judgements and estimates?

Practice and IAS19 require the Council / Authority to make extensive disclosures within its financial statements regarding its membership of the Local Government Pension Scheme administered by the Council.

The Council's pension fund asset is a material estimated balance and the Code requires that this liability be disclosed on the Council's balance sheet. At 31 March 2023 this totalled £136.692 million.

The information disclosed is based on the IAS 19 report issued to the Council by the actuary to the Council.

Accounting for this scheme involves significant estimation and judgement and therefore management engages an actuary to undertake the calculations on their behalf. ISAs (UK) 500 and 540 require us to undertake procedures on the use of management experts and the assumptions underlying fair value estimates.

Our response to the key areas of challenge and professional judgement

As set out in the Audit Plan, we have performed the below procedures:

- Assessed the work of the Pension Fund actuary (Hymans Robertson) including the assumptions they have used, by relying on the work of PWC - Consulting Actuaries commissioned by the National Audit Office for all local government sector auditors, and by considering any relevant reviews by the EY actuarial team; and
- Evaluated the reasonableness of the Pension Fund actuary's calculations by comparing them to the outputs of our own auditor's specialist's model; and
- Reviewed and tested the accounting entries and disclosures made within the Council's financial statements in relation to IAS19.

We are yet to perform the following procedures in full:

- Liaise with the auditors of London Borough of Havering Pension Fund, to obtain assurances over the information supplied to the actuary in relation to London Borough of Havering.

What is the status of our work?

At the date of issuing our Audit Results Report, we have not completed our work in respect of the pension liability valuation.

We will update the Audit Committee verbally at the meeting on 30 January.

Areas of Audit Focus

Inherent Risk

Accounting for impairments of a receivable

What is the risk, and the key judgements and estimates?

The impairment of receivable balances is an estimate, and calculation requires management judgement. We would expect the Council to revisit their provision for bad debt calculation at year end and assess the appropriateness of the estimation technique. Therefore, we have raised an inherent risk for this in our audit strategy.

Our response to the key areas of challenge and professional judgement

As set out in the Audit Plan, we have performed the below procedures:

- Reviewed the calculation of the bad debt provision for reasonableness and accuracy;

We are yet to perform the following procedures in full:

- Consider the recoverability of debts by testing a sample of trade receivables.

What is the status of our work?

At the date of issuing our Audit Results Report, we have not completed our work in respect of accounting for impairments of a receivable.

We have identified two misstatements, which have not been corrected by management:

- ▶ The Bad Debt Provision in respect of Council Tax is understated by £0.385 million for the Collection Fund. This would have a net impact of increasing expenditure for the Council by £0.302 million.
- ▶ The Bad Debt Provision in respect of sundry debtors is overstated by £2.552 million. The level of provision was retained at the 22/23 level, despite a significant fall in the level of aged debtors. Using the same methodology as in 22/23 generated a Bad Debt Provision £2.552 million lower than that included in the Statement of Accounts. This would have an impact of decreasing expenditure for the Council by £2.552 million.

We will update the Audit Committee verbally at the meeting on 30 January.

Areas of Audit Focus

Inherent Risk

Business Rates Appeals Provision

What is the risk, and the key judgements and estimates?

The NNDR appeals provision is an estimate calculated with the assistance of an external expert using data from the Valuation Office Agency on outstanding appeals and the outcomes of historic appeals. Inherent uncertainties remain around the quantity, value and success rates of appeals.

Our response to the key areas of challenge and professional judgement

As set out in the Audit Plan, we have performed the below procedures:

- Reviewed the assumptions made by the Council's NNDR appeals provision specialist;

We are yet to perform the following procedures in full:

- Assess the reasonableness of any local adjustments made by the Council on the NDNR appeals provision.

What is the status of our work?

At the date of issuing our Audit Results Report, we have not completed our work in respect of the Business Rates Appeals Provision.

We have identified one misstatement, which has not been corrected by management:

- ▶ We have identified a difference between the amount recognised by the Council, and the specialist total, which equates to a difference of £0.839 million.

We will update the Audit Committee verbally at the meeting on 30 January.

Areas of Audit Focus

Inherent Risks

Group Financial Statements - Valuation of Inventory at Lower of Cost & Net Realisable Value

What is the risk, and the key judgements and estimates?

Inventories constitute a significant balance in the Council's group accounts (22/23: £29.3 million).

These assets are measured at lower of cost and net realisable value which requires the use of assumptions, judgements and estimates regarding the expected returns from the project and total costs to complete the development. The variances between the assumptions and actual events could have a material impact on the ultimate net realisable value.

Our response to the key areas of challenge and professional judgement

As set out in the Audit Plan, we have performed the below procedures:

- Prepared and issued group instructions for the component auditors of the Council's subsidiaries

We have not performed the following procedures due to not receiving relevant responses to our group instructions:

- Reviewing the work undertaken by component auditors and determine whether we can place reliance on their work to obtain assurance over the stock balances consolidated into the group accounts.

What is the conclusion of our work?

At the date of issuing our Audit Results Report, we have not received full reporting from the component auditors. Given the remaining time before the backstop date and the scope of procedures that would be required to conclude this risk, we no longer have sufficient time to address this risk.

We are therefore unable to provide any assurances in respect of this risk.

Areas of Audit Focus

Inherent Risks

Group Financial Statements

What is the risk, and the key judgements and estimates?

The Council prepares group accounts to consolidate Mercury Land Holdings Limited, Bridge Close Regeneration LLP, Havering and Wates Regeneration LLP and Rainham and Beam Park Regeneration LLP. The Council should ensure that the consolidation of its subsidiaries is undertaken in line with the relevant accounting standards and the Code of Practice.

In 20/21, we identified a number of errors on the intercompany elimination adjustments.

Given the nature and extent of the errors found, we have considered this as a significant risk as the balances consolidated into the group accounts may be materially misstated.

Our response to the key areas of challenge and professional judgement

As set out in the Audit Plan, we have performed the below procedures:

- Reviewed the Council's assessment of its group boundary and the significance of the components in the group accounts;
- Prepared and issued group instructions for the component auditors of the Council's subsidiaries;

We have not performed the following procedures due to not receiving relevant responses to our group instructions:

- Reviewing the work undertaken by component auditors and determine whether we can place reliance on their work to obtain assurance over the balances consolidated into the group accounts;
- Ensuring that appropriate consolidation procedures are applied in line with the Code of Practice when consolidating subsidiaries into the Council's group accounts:
 - Understanding the process for consolidation;
 - Understanding the transactions undertaken between the entities and testing that the appropriate accounting entries have been made to eliminate inter-group transactions;
 - Understanding and testing the differences in accounting policies, ensuring that the appropriate adjustments are made on consolidation to align accounting policies set for the group;
 - Reviewing the disclosures in the group accounts to ensure that they are materially accurate and complete.

What is the conclusion of our work?

At the date of issuing our Audit Results Report, we have not received full reporting from the component auditors. Given the remaining time before the backstop date and the scope of procedures that would be required to conclude this risk, we no longer have sufficient time to address this risk.

We are therefore unable to provide any assurances in respect of this risk.



03 Value for Money

Value for Money

The Authority's responsibilities for value for money (VFM)

The Council is required to maintain an effective system of internal control that supports the achievement of its policies, aims and objectives while safeguarding and securing value for money from the public funds and other resources at its disposal.

As part of the material published with its financial statements, the Council is required to bring together commentary on its governance framework and how this has operated during the period in a governance statement. In preparing its governance statement, the Authority tailors the content to reflect its own individual circumstances, consistent with the requirements set out in the NAO Code of Audit Practice. This includes a requirement to provide commentary on its arrangements for securing value for money from their use of resources.

Risk assessment and status of our work

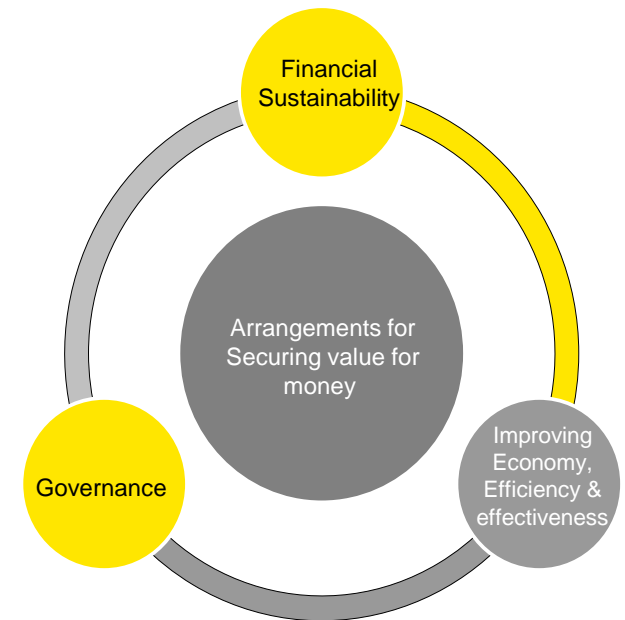
We are required to consider whether the Council has made 'proper arrangements' to secure economy, efficiency and effectiveness on its use of resources.

Our value for money planning and the associated risk assessment is focused on gathering sufficient evidence to enable us to document our evaluation of the Council's arrangements, to enable us to draft a commentary under three reporting criteria (see below). This includes identifying and reporting on any significant weaknesses in those arrangements and making appropriate recommendations.

We will provide a commentary on the Council arrangements against three reporting criteria:

- ▶ Financial sustainability - How the Council plans and manages its resources to ensure it can continue to deliver its services;
- ▶ Governance - How the Council ensures that it makes informed decisions and properly manages its risks; and
- ▶ Improving economy, efficiency and effectiveness - How the Council uses information about its costs and performance to improve the way it manages and delivers its services.

We have completed our detailed VFM work and identified two risks of significant weakness as set out on the next page.



Value for Money (cont'd)

Risk of significant weakness in VFM arrangements

What is the risk of significant weakness?

We have identified a risk around the Council's budget setting and budget monitoring processes as a result of identified overspends in the 2023/24 financial year.

As in previous years, our focus will be around the budget setting arrangements in the financial year and therefore will require review of the 2024/25 budget setting and how the Council are tracking with respect to this.

What arrangements did this impact?

Financial Sustainability:

How the body ensures that it identifies all the significant financial pressures that are relevant to its short and medium-term plans and builds these into them

What do we plan to do?

We will:

1. Review the Council's Medium-Term Financial Strategy and approach to savings plans, linked to Exceptional Financial Support granted in 2023/24
2. Review of the latest budget monitoring reports for 2024/25
3. Review the Council's approach to budget setting, linked to the Medium-Term Financial Strategy
4. Review the Council's approach to in-year budget monitoring.

We have identified a risk around the delivery of key services, as a result of the Ofsted inspection report in respect of an inspection, where the overall effectiveness in respect of the local authority children's services has been rated as inadequate.

Improving economy, efficiency and effectiveness:

How the body uses information about its costs and performance to improve the way it manages and delivers services:

We will:

1. Review the Ofsted report in full
2. Understand the Council's arrangements in responding to the inspection findings

Findings

We will conclude our work in respect of the significant risks of weakness and issue our VFM narrative commentary within our 2023/24 Auditor's Annual Report which we expect to issue in February 2025. Based on our work to date, we expect to conclude that there is a significant weakness in respect of improving economy, efficiency and effectiveness as a result of the Ofsted findings. With respect to financial sustainability, whilst our work remains in progress, a review of the 1st Quarter Revenue and Capital Monitoring Report 2024/25 highlights overspends on Total Planned Spend of £18.3 million. This is likely to lead to us continuing to conclude that this is an area of significant weakness.



04 Audit Report

Audit Report Section of ARR

Expected modification to the audit report

As reported in our 18 November 2024 Audit Completion Report to Those Charged with Governance, we issued a disclaimed audit report on the Council's financial statements for 2021/22 and 2022/23 under the arrangements to reset and recover local government audit.

Although we have commenced limited work to rebuild assurance ahead of the 2023/24 backstop date, as set out within this report we have not been able to complete our planned programme of work to obtain sufficient evidence to have reasonable assurance over all closing balances.

As a result of the 2022/23 disclaimed audit report, we do not have assurance over the brought forward balances from 2022/23 (the opening balances). This means we do not have assurance over 2023/24 in-year movements and some closing balances. We also do not have assurance over the 2022/23 comparative amounts disclosed in the 2023/24 financial statements.

Taken together with the requirement to conclude our work by the 2023/24 back stop date, the lack of evidence over these movements and balances mean we are unable to conclude that the 2023/24 financial statements are free from material and pervasive misstatement of the financial statements.

We therefore anticipate issuing a disclaimed 2023/24 audit opinion.

The form and content of the Audit Report will be shared with the Section 151 officer to enable you to formally authorise the 2023/24 financial statements for issue.



05 Audit Differences



Audit Differences

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

Summary of adjusted differences

We highlight the following misstatements greater than £0.382 million which have been corrected by management that were identified during the course of our audit:

- ▶ Management have corrected misstatements amounting to £10.609 million, where HRA interest was grossed up. This meant that both interest income & interest expenses were overstated by £10.609 million, and this has no net impact on the Comprehensive Income & Expenditure Statement.

Disclosure Differences

- ▶ Disclosure misstatements have also been identified and corrected by the Council. This includes a rework of the Cash Flow Statement, an updated Going Concern disclosure and amendments to disclosures around Related Party Transactions.

Summary of unadjusted differences

- ▶ The Bad Debt Provision in respect of Council Tax is understated by £0.385 million for the Collection Fund. This would have a net impact of increasing expenditure for the Council by £0.302 million.
- ▶ The Bad Debt Provision in respect of Sundry Debtors is overstated by £2.552 million. The level of provision was retained at the 22/23 level, despite a significant fall in the level of aged debtors. Using the same methodology as in 22/23 generated a Bad Debt Provision £2.552 million lower than that included in the Statement of Accounts. This would have an impact of decreasing expenditure for the Council by £2.552 million.
- ▶ Whilst the Collection Fund correctly reflects the movement in the closing NDR Appeals Provision, the closing provision on the Council's Balance Sheet is inconsistent with the figures calculated by the external specialist. As a result, the NDR Appeals Provision is understated by £0.839 million, which would increase expenditure for the Council by the same amount.

We request that these uncorrected misstatements be corrected, or a rationale as to why it is not corrected, be considered and approved by the Audit Committee and provided within the Letter of Representation.



06

Assessment of Control Environment

Assessment of Control Environment

Financial controls

It is the responsibility of the Council to develop and implement systems of internal financial control and to put in place proper arrangements to monitor their adequacy and effectiveness in practice. Our responsibility as your auditor is to consider whether the Council has put adequate arrangements in place to satisfy itself that the systems of internal financial control are both adequate and effective in practice.

We have reviewed Internal Audit reports issued to Management in respect of the 2023/24 financial year to consider any financial statement risks that could be identified through any limited assurance opinions by the Head of Internal Audit and therefore the impact on the extent of our audit procedures.

As part of our audit of the financial statements, we obtained an understanding of internal control sufficient to plan our audit and determine the nature, timing and extent of testing performed. However, as we have adopted a fully substantive approach, we have not tested the operation of controls.



07

Other Reporting Issues

Other Reporting Issues

Consistency of other information published with the financial statements, including the Annual Governance Statement

We must give an opinion on the consistency of the financial and non-financial information in the London Borough of Havering Statement of Accounts 2023/24 with the audited financial statements.

Non-financial information in the London Borough of Havering Statement of Accounts 2023/24 and published with the financial statements was consistent with the audited financial statements, with minor disclosure adjustments to be made to the final Statement of Accounts.

We must also review the Annual Governance Statement for completeness of disclosures, consistency with other information from our work, and whether it complies with relevant guidance.

We have reviewed the Annual Governance Statement and can confirm it is consistent with other information from our audit of the financial statements and we have no other matters to report.

Whole of Government Accounts

Alongside our work on the financial statements, we also review and report to the National Audit Office on your Whole of Government Accounts return. The extent of our review, and the nature of our report, is specified by the National Audit Office.

We have not yet performed the procedures required by the National Audit Office (NAO) on the Whole of Government Accounts submission, as the instructions are not yet available. We cannot issue our Audit Certificate until these procedures are complete.

Other powers and duties

We have a duty under the Local Audit and Accountability Act 2014 (the Act) to consider whether to report on any matter that comes to our attention in the course of the audit, either for the Council to consider it or to bring it to the attention of the public (i.e. "a report in the public interest"). We are also able to issue statutory recommendations under Schedule 7 of Section 27 of the Act. Statutory recommendations under Schedule 7 must be considered and responded to publicly and are shared with the Secretary of State,

We have not identified any issues which require us to issue a report in the public interest or require us to issue statutory recommendations under Schedule 7.

Other Reporting Issues (cont'd)

Other matters

As required by ISA (UK&I) 260 and other ISAs specifying communication requirements, we must tell you significant findings from the audit and other matters if they are significant to your oversight of the Authority's financial reporting process. They include the following:

- ▶ Significant qualitative aspects of accounting practices including accounting policies, accounting estimates and financial statement disclosures;
- ▶ Any significant difficulties encountered during the audit;
- ▶ Any significant matters arising from the audit that were discussed with management;
- ▶ Written representations we have requested;
- ▶ Expected modifications to the audit report;
- ▶ Any other matters significant to overseeing the financial reporting process;
- ▶ Findings and issues around the opening balance on initial audits (if applicable);
- ▶ Related parties;
- ▶ External confirmations;
- ▶ Going concern;
- ▶ Consideration of laws and regulations; and
- ▶ Group audits

We have no other matters to report.

Other Reporting Issues (cont'd)

ISA (UK) 315 (Revised): Identifying and Addressing the Risks of Material Misstatement

ISA 315 is effective from FY 2022/23 onwards and is the critical standard which drives the auditor's approach to the following areas:

- Risk Assessment
- Understanding the entity's internal control
- Significant risk
- Approach to addressing significant risk (in combination with ISA 330)

Given that we have disclaimed the 2022/23 audit of the financial statements we have undertaken ISA (UK) 315 (Revised) procedures for the first time in 2023/24.

The International Auditing & Assurance Standards Board (IAASB) concluded that whilst the existing version of the standard was fundamentally sound, feedback determined that it was not always clear, leading to a possibility that risk identification was not consistent. The aims of the revised standard is to:

- Drive consistent and effective identification and assessment of risks of material misstatement
- Improve the standard's applicability to entities across a wide spectrum of circumstances and complexities ('scalability')
- Modernise ISA 315 to meet evolving business needs, including:
 - how auditors use automated tools and techniques, including data analytics to perform risk assessment audit procedures; and
 - how auditors understand the entity's use of information technology relevant to financial reporting.
- Focus auditors on exercising professional scepticism throughout the risk identification and assessment process.

We set out the findings and conclusions from our work to implement ISA 315 in the table below.

Audit Procedures

We obtained an understanding of the IT processes related to the IT applications of the Council. The Council has 6 relevant IT applications (Academy, CivicaPay, LiquidLogic, Open Housing, Oracle Fusion & Paris) for the purposes of our ISA 315 risk assessment. We performed procedures to determine if there are typical controls missing or control deficiencies identified. After determining which process is applicable to each relevant IT application, we reviewed the applicable processes for each IT application.

When we have identified controls relevant to the audit that are application controls or IT-dependent manual controls where we do not gain assurance substantively, we performed additional procedures.

We reviewed the following processes for the relevant IT applications:

- Manage vendor supplied changes
- Manage entity programmed changes
- Manage security settings
- Manage user access
- Job scheduling and managing IT process


Audit findings and conclusions

No significant issues were identified in our review of the processes, including the design and implementation effectiveness of relevant controls around the financial statement close process. We have not tested the operation of any controls through this review.



08

Independence



APPENDIX A

Relationships, services and related threats and safeguards

The FRC Ethical Standard requires that we provide details of all relationships between Ernst & Young (EY) and your company, and its directors and senior management and its affiliates, including all services provided by us and our network to your company, its directors and senior management and its affiliates, and other services provided to other known connected parties that we consider may reasonably be thought to bear on our integrity or objectivity, including those that could compromise independence and the related safeguards that are in place and why they address the threats.

Relationships

There are no relationships from 1 April 2023 to the date of this report, which we consider may reasonably be thought to bear on our independence and objectivity.

Services provided by EY

There are no services provided by EY from 1 April 2023 to the date of this report, which we consider may reasonably be thought to bear on our independence and objectivity.

Independence - Fees

The duty to prescribe fees is a statutory function delegated to Public Sector Audit Appointments Ltd (PSAA) by the Secretary of State for Housing, Communities and Local Government.

This is defined as the fee required by auditors to meet statutory responsibilities under the Local Audit and Accountability Act 2014 in accordance with the requirements of the Code of Audit Practice and supporting guidance published by the National Audit Office, the financial reporting requirements set out in the Code of Practice on Local Authority Accounting published by CIPFA/LASAAC, and the professional standards applicable to auditors' work.

As set out in our Audit Planning Report the agreed fee presented was based on the following assumptions:

- ▶ Officers meeting the agreed timetable of deliverables;
- ▶ Our financial statements opinion and value for money conclusion being unqualified;
- ▶ Appropriate quality of documentation is provided by the Council; and
- ▶ The Council has an effective control environment
- ▶ The Council complies with PSAA's Statement of Responsibilities of auditors and audited bodies. See <https://www.psa.co.uk/managing-audit-quality/statement-of-responsibilities-of-auditors-and-audited-bodies/statement-of-responsibilities-of-auditors-and-audited-bodies-from-2023-24-audits/>. In particular the Council should have regard to paragraphs 26 - 28 of the Statement of Responsibilities.

If any of the above assumptions prove to be unfounded, we seek a variation to the agreed fee. Details of our proposed scale fee variations for the audit of the Council are set out in the fee analysis on this page.

	Actual Fee	Planned fee	Prior Year
	£'s	£'s	£'s
Total Fee - Scale Fee for Code Work	421,745	421,745	157,827
Scale Fee Variation	Note 2	-	Note 1
Total fees	TBC	421,745	0

All fees exclude VAT

Notes:

- (1) PSAA Ltd is responsible for the determination of the final audit fee in respect of 2022/23. In doing so, PSAA Ltd will apply the principles that where auditors have worked in good faith to meet the requirements of the Code of Audit Practice in place at the time the work was conducted (and have reported on work that is no longer required), then they are due the appropriate fee for the work done, including where their procedures were necessary to conclude the audit by the legislatively imposed backstop date by way of a modified or disclaimed opinion and the body is due to pay the applicable fee.
- (2) Once we conclude the 2023/24 audit, we will review whether a scale fee variations is required. If one is, we will inform Management and make the necessary submission and follow the PSAA Ltd process. Any Scale Fee variation is determined by PSAA Ltd.



09

Appendices

Appendix A – Summary of assurances

Summary of Assurances

As we have set out in Section 5 and the Executive Summary of this report, we anticipate issuing a disclaimer of opinion on the 2023/24 financial statements. Due to the disclaimer of opinion issued on the 2022/23 financial statements, we do not have assurance over the comparative figures disclosed in the 2023/24 financial statements, the opening balance position on 1 April 2023, the closing Reserves balances on 31 March 2024 or the in-year movements recorded in the Comprehensive Income and Expenditure Statement. This is considered material and pervasive to the 2023/24 financial statements. The table below summarises the audit work we have completed on the 2023/24 financial statements to demonstrate to the Audit Committee the level of assurance that has been obtained as a result of the financial statements audit.

Account area	Assurance rating	Summary of work performed
Short Term Debtors	None	We have not yet concluded our sample testing in respect of short-term debtors, we currently have no assurance over the closing balance at 31 March 2024. We anticipate gaining substantial assurance if we are able to complete our planned audit procedures set out in Appendix E in advance of the backstop date. If we are not able to conclude those procedures, we will not have any assurance.
Borrowings (short and long term)	Substantial	We have completed our planned audit procedures in this area and have obtained assurance over the closing balance at 31 March 2024.
Cash	None	We have not yet concluded our sample testing in respect of cash, we currently have no assurance over the closing balance at 31 March 2024. We anticipate gaining substantial assurance if we are able to complete our planned audit procedures set out in Appendix E in advance of the backstop date. If we are not able to conclude those procedures, we will not have any assurance.
Short Term Creditors	None	As a result of delays in facilitating our work in this area, we have stopped work on this balance as we no longer have sufficient time to conclude our procedures in advance of the backstop date. We will therefore not be providing any assurance in respect of Short-Term Creditors.
Grants Received in Advance	Substantial	We have completed our planned audit procedures in this area and have obtained assurance over the closing balance at 31 March 2024.
Investments	Substantial	We have completed our planned audit procedures in this area and have obtained assurance over the closing balance at 31 March 2024.
Investments in Subsidiaries & Joint Ventures	None	We have not yet concluded our testing in respect of Investments in Subsidiaries & Joint Ventures, we currently have no assurance over the closing balance at 31 March 2024. We anticipate gaining substantial assurance if we are able to complete our planned audit procedures set out in Appendix E in advance of the backstop date. If we are not able to conclude those procedures, we will not have any assurance.
Long Term Debtors	None	As Long-Term Debtors balances directly relate to our work over the Group Accounts, we have stopped work on this balance as we no longer have sufficient time to conclude our procedures in advance of the backstop date. We will therefore not be providing any assurance in respect of Long-Term Debtors.
Pension Scheme Liability	None	We have not yet concluded our sample testing in respect of the pension scheme liability, we currently have no assurance over the closing balance at 31 March 2024. We anticipate gaining substantial assurance if we are able to complete our planned audit procedures set out in Appendix E in advance of the backstop date. If we are not able to conclude those procedures, we will not have any assurance.

Appendix A – Summary of assurances

Summary of Assurances

Account area	Assurance rating	Summary of work performed
Property, Plant and Equipment ('PPE') and Investment Property	None	<p>Our testing of 2023/24 additions and disposals to the fixed asset register, auditing the valuation of a sample of assets revalued in 2023/24 and performing procedures to obtain assurance over the existence of assets on the fixed asset register and the Council's right to recognize those assets remains in progress.</p> <p>We currently have no assurance over the PPE Balances.</p> <p>However, until we are able to rebuild assurance over PPE additions, disposals and revaluations in the disclaimed periods, we are unable to obtain full assurance over the completeness and valuation of PPE at 31 March 2024 and therefore we plan to issue partial assurance on this balance.</p>
Provisions	None	<p>We have not yet concluded our sample testing in respect of provisions, we currently have no assurance over the closing balance at 31 March 2024. We anticipate gaining substantial assurance if we are able to complete our planned audit procedures set out in Appendix E in advance of the backstop date. If we are not able to conclude those procedures, we will not have any assurance.</p>
Reserves	None	<p>Our work on the Movements in Reserves in 2023/24 remains in progress but, until we have completed our work programme on the rebuilding of assurance following the disclaimed audit opinions, we are unable to obtain assurance over the useable and unusable reserves of the Council reported in the financial statements.</p> <p>We will provide more information on our proposed approach for rebuilding of assurance as part of our 2024/25 Audit Plan.</p>
Comprehensive Income and Expenditure Statement (including the Housing Revenue Account)	None	<p>Our work on the Comprehensive Income and Expenditure Statement in 2023/24 remains in progress but, as we do not have assurance over the opening balance position at 1 April 2023, we are unable to obtain assurance that all of the in-year movements recorded in the statement are accurate.</p>
Group Accounts and consolidation	None	<p>We have not yet concluded our sample testing in respect of provisions, we currently have no assurance over the closing balance at 31 March 2024. We do not anticipate being able to obtain these assurances as we have not received assurances from the auditors of the component entities.</p>

Appendix B – Audit approach update

Audit approach update

We summarise below our approach to the audit of the balance sheet and any changes to this approach from the prior year audit.

Our audit procedures are designed to be responsive to our assessed risk of material misstatement at the relevant assertion level. Assertions relevant to the balance sheet include:

- ▶ Existence: An asset, liability and equity interest exists at a given date
- ▶ Rights and Obligations: An asset, liability and equity interest pertains to the entity at a given date
- ▶ Completeness: There are no unrecorded assets, liabilities, and equity interests, transactions or events, or undisclosed items
- ▶ Valuation: An asset, liability and equity interest is recorded at an appropriate amount and any resulting valuation or allocation adjustments are appropriately recorded
- ▶ Presentation and Disclosure: Assets, liabilities and equity interests are appropriately aggregated or disaggregated, and classified, described and disclosed in accordance with the applicable financial reporting framework. Disclosures are relevant and understandable in the context of the applicable financial reporting framework

Balance sheet category	Audit Approach in current year	Audit Approach in 2020/21	Explanation for change
<ul style="list-style-type: none"> ▶ Property, Plant and Equipment ▶ Investment Property ▶ Long Term Investments in Subsidiaries & JVs ▶ Long term Debtors ▶ Short Term Investments ▶ Short Term Debtors ▶ Cash and cash equivalents ▶ Short Term & Long Term Borrowing ▶ Short Term Creditors ▶ Provisions ▶ Other Long-term liabilities ▶ Capital Grants Receipts in Advance 	Substantively tested all relevant assertions	Substantively tested all relevant assertions	N/A
<ul style="list-style-type: none"> ▶ Heritage Assets ▶ Intangible Assets ▶ Inventories 	Immaterial - Substantively tested assertion for presentation and disclosure	Immaterial - Substantively tested assertion for presentation and disclosure	N/A

Appendix C – Summary of communications

Summary of communications

Date	Nature	Summary
04 March 2024	Meeting	The partner in charge of the engagement, along with other senior members of the audit team, met with the management team to introduce themselves and commence the audit.
14 May 2024	Report	The audit planning report, including confirmation of independence, was issued to the audit committee.
25 July 2024	Meeting	The partner in charge of the engagement met with the audit committee chair to discuss focus areas of the audit committee this year.
25 July 2024	Meeting	The partner in charge of the engagement, accompanied by other senior members of the audit team, met with the audit committee and senior members of the management team to discuss the audit planning report.
18 November 2024	Meeting	The partner in charge of the engagement, along with other senior members of the audit team, met with the management to discuss the matters identified as part of the audit.
20 December 2024	Meeting	The Senior Manager met with management to discuss our findings to date and remaining work to conclude the audit.
20 January 2025	Report	The Audit Results Report, including confirmation of independence, was issued to the audit committee.
30 January 2025	Meeting	The partner in charge of the engagement, accompanied by other senior members of the audit team, met with the audit committee and senior members of the management team to discuss the Audit Results Report.

In addition to the above specific meetings and letters the audit team met with the management team multiple times throughout the audit to discuss audit findings.

Appendix D - Required communications with the Audit Committee

Required communications with the Audit Committee

There are certain communications that we must provide to the Audit Committees of UK entities. We have detailed these here together with a reference of when and where they were covered:

		Our Reporting to you
Required communications	What is reported?	When and where
Terms of engagement	Confirmation by the audit committee of acceptance of terms of engagement as written in the engagement letter signed by both parties.	The statement of responsibilities serves as the formal terms of engagement between the PSAA's appointed auditors and audited bodies.
Our responsibilities	Reminder of our responsibilities as set out in the engagement letter.	Audit Plan - 14 May 2024
Planning and audit approach	<p>Communication of:</p> <ul style="list-style-type: none"> ▶ The planned scope and timing of the audit ▶ Any limitations on the planned work to be undertaken ▶ The planned use of internal audit ▶ The significant risks identified <p>When communicating key audit matters this includes the most significant risks of material misstatement (whether or not due to fraud) including those that have the greatest effect on the overall audit strategy, the allocation of resources in the audit and directing the efforts of the engagement team.</p>	Audit Plan - 14 May 2024
Significant findings from the audit	<ul style="list-style-type: none"> ▶ Our view about the significant qualitative aspects of accounting practices including accounting policies, accounting estimates and financial statement disclosures ▶ Significant difficulties, if any, encountered during the audit ▶ Significant matters, if any, arising from the audit that were discussed with management ▶ Written representations that we are seeking ▶ Expected modifications to the audit report ▶ Other matters if any, significant to the oversight of the financial reporting process 	Audit Results Report - 20 January 2025

Appendix D - Required communications with the Audit Committee (cont'd)

Our Reporting to you

Required communications	What is reported?	When and where
Going concern	<p>Events or conditions identified that may cast significant doubt on the entity's ability to continue as a going concern, including:</p> <ul style="list-style-type: none"> ▶ Whether the events or conditions constitute a material uncertainty related to going concern ▶ Whether the use of the going concern assumption is appropriate in the preparation and presentation of the financial statements ▶ The appropriateness of related disclosures in the financial statements 	Audit Results Report - 20 January 2025
Misstatements	<ul style="list-style-type: none"> ▶ Uncorrected misstatements and their effect on our audit opinion, unless prohibited by law or regulation ▶ The effect of uncorrected misstatements related to prior periods ▶ A request that any uncorrected misstatement be corrected ▶ Material misstatements corrected by management 	Audit Results Report - 20 January 2025
Fraud	<ul style="list-style-type: none"> ▶ Enquiries of the audit committee to determine whether they have knowledge of any actual, suspected or alleged fraud affecting the entity ▶ Any fraud that we have identified or information we have obtained that indicates that a fraud may exist ▶ Unless all of those charged with governance are involved in managing the entity, any identified or suspected fraud involving: <ol style="list-style-type: none"> a. Management; b. Employees who have significant roles in internal control; or c. Others where the fraud results in a material misstatement in the financial statements. ▶ The nature, timing and extent of audit procedures necessary to complete the audit when fraud involving management is suspected ▶ Matters, if any, to communicate regarding management's process for identifying and responding to the risks of fraud in the entity and our assessment of the risks of material misstatement due to fraud ▶ Any other matters related to fraud, relevant to Audit Committee responsibility. 	Audit Results Report - 20 January 2025
Related parties	<p>Significant matters arising during the audit in connection with the entity's related parties including, when applicable:</p> <ul style="list-style-type: none"> ▶ Non-disclosure by management ▶ Inappropriate authorisation and approval of transactions ▶ Disagreement over disclosures ▶ Non-compliance with laws and regulations ▶ Difficulty in identifying the party that ultimately controls the entity 	Audit Results Report - 20 January 2025

Appendix D - Required communications with the Audit Committee (cont'd)

Our Reporting to you

Required communications	What is reported?	When and where
Independence	<p>Communication of all significant facts and matters that bear on EY's, and all individuals involved in the audit, integrity, objectivity and independence.</p> <p>Communication of key elements of the audit engagement partner's consideration of independence and objectivity such as:</p> <ul style="list-style-type: none"> ▶ The principal threats ▶ Safeguards adopted and their effectiveness ▶ An overall assessment of threats and safeguards ▶ Information about the general policies and process within the firm to maintain objectivity and independence <p>Communications whenever significant judgements are made about threats to integrity, objectivity and independence and the appropriateness of safeguards put in place.</p>	<p>Audit Plan - 14 May 2024</p> <p>Audit Results Report - 20 January 2025</p>
External confirmations	<ul style="list-style-type: none"> ▶ Management's refusal for us to request confirmations ▶ Inability to obtain relevant and reliable audit evidence from other procedures. 	Audit Results Report - 20 January 2025
Consideration of laws and regulations	<ul style="list-style-type: none"> ▶ Subject to compliance with applicable regulations, matters involving identified or suspected non-compliance with laws and regulations, other than those which are clearly inconsequential and the implications thereof. Instances of suspected non-compliance may also include those that are brought to our attention that are expected to occur imminently or for which there is reason to believe that they may occur ▶ Enquiry of the audit committee into possible instances of non-compliance with laws and regulations that may have a material effect on the financial statements and that the audit committee may be aware of 	Audit Results Report - 20 January 2025
Significant deficiencies in internal controls identified during the audit	<ul style="list-style-type: none"> ▶ Significant deficiencies in internal controls identified during the audit. 	Audit Results Report - 20 January 2025

Appendix D - Required communications with the Audit Committee (cont'd)

Our Reporting to you

Required communications	What is reported?	When and where
Group Audits	<ul style="list-style-type: none"> ▶ An overview of the type of work to be performed on the financial information of the components ▶ An overview of the nature of the group audit team’s planned involvement in the work to be performed by the component auditors on the financial information of significant components ▶ Instances where the group audit team’s evaluation of the work of a component auditor gave rise to a concern about the quality of that auditor’s work ▶ Any limitations on the group audit, for example, where the group engagement team’s access to information may have been restricted ▶ Fraud or suspected fraud involving group management, component management, employees who have significant roles in group-wide controls or others where the fraud resulted in a material misstatement of the group financial statements. 	<p>Audit Plan - 14 May 2024</p> <p>Audit Results Report - 20 January 2025</p>
Written representations we are requesting from management and/or those charged with governance	<ul style="list-style-type: none"> ▶ Written representations we are requesting from management and/or those charged with governance 	<p>Audit Results Report - 20 January 2025</p>
System of quality management	<ul style="list-style-type: none"> ▶ How the system of quality management (SQM) supports the consistent performance of a quality audit 	<p>Audit Results Report - 20 January 2025</p>
Material inconsistencies or misstatements of fact identified in other information which management has refused to revise	<ul style="list-style-type: none"> ▶ Material inconsistencies or misstatements of fact identified in other information which management has refused to revise 	<p>Audit Results Report - 20 January 2025</p>
Auditors report	<ul style="list-style-type: none"> ▶ Key audit matters that we will include in our auditor’s report ▶ Any circumstances identified that affect the form and content of our auditor’s report 	<p>Audit Results Report - 20 January 2025</p>

Appendix E – Outstanding matters

Outstanding matters

The following items relating to the completion of our audit procedures are outstanding at the date of the release of this report:

Item	Actions to resolve	Responsibility
Cash and Cash Equivalents	Resolution of final queries on unsupported cash balances	EY and Management
Short Term Debtors	Resolution of remaining sample queries	EY and Management
Investments in Subsidiaries and Joint Ventures	Final consideration of impact of 20/21 reporting points on 2023/24	EY and Management
Payroll Testing	Resolution of final comments, including procedures around starters & leavers and our residual sample testing	EY and Management
Pension Scheme Liability	Assurances required from the Pension Fund auditor	EY and Management
Housing Benefits	Initial variance based on our analytical procedures is outside of threshold and requires resolution	EY and Management
Property, Plant and Equipment Valuations	Follow up queries on detailed valuation assumptions	Management
Other Expenditure	Awaiting receipt of requested sample queries	Management
Property, Plant and Equipment Additions	Outstanding queries in respect of our selected sample	Management
REFCUS	To review received responses in respect of follow up queries	EY and Management
Collection Fund	To review final work performed & consideration of differences to the specialist report (in respect of NDR Appeals Provision)	EY and Management
All Other Disclosures	Final comments to support minor disclosure figures	EY and Management
Going Concern	To review going concern disclosures & consult with Professional Practice on our going concern conclusions	EY and Management
Reserves	Resolution of final queries in respect of movements in Reserves	EY and Management
MRP and CFR	Final consideration of impact of 20/21 reporting points on 2023/24	EY
HRA Income & Expenditure	Initial variance based on our analytical procedures is outside of threshold and requires resolution.	EY and Management
Value for Money	Specific procedures required to address our identified risk around budget setting and monitoring	Management
Journal Entry Testing	Testing of final journal entry items based on receipt of final evidence	EY and Management

Appendix E – Outstanding matters

Outstanding matters

The following items relating to the completion of our audit procedures are outstanding at the date of the release of this report:

Item	Actions to resolve	Responsibility
Review of the final version of the financial statements	Receipt of updated Statement of Accounts and accompanying schedule of all changes	EY and Management
Completion of subsequent events review	Confirmation of any subsequent events impacting the financial statements	EY and Management
Receipt of the signed management representation letter	Receipt of the signed management representation letter at date of signing	EY and Management
Final Manager and Engagement Partner reviews	Internal EY review processes	EY

Until all our audit procedures are complete, we cannot confirm the final form of our audit opinion as new issues may emerge or we may not agree on final detailed disclosures in the Annual Report. We will issue a disclaimer of opinion once procedures are complete, however the completion of these procedures is key to the rebuilding of assurance planned in subsequent years.

Appendix F - Accounting and regulatory update

Accounting and regulatory update

Accounting update

Since the date of our last report to the Audit Committee/Board, a number of new accounting standards and interpretations have been issued. The following table provides a high level summary of those that have the potential to have the most significant impact on you:

Name	Summary of key measures	Impact on London Borough of Havering
IFRS 16 Leases	<ul style="list-style-type: none"> ▶ CIPFA have confirmed there will be no further delay of the introduction of the leases standard IFRS 16. ▶ Assets being used by the authority under operating leases are likely to be capitalised along with an associated lease liability. ▶ Lease liabilities and right of use assets will be subject to more frequent remeasurement. ▶ The standard must be adopted by 1 April 2024 at the latest 	<ul style="list-style-type: none"> ▶ We have assessed the Council's readiness to implement IFRS 16 as part of our 2023/24 programme of work. That assessment considered: <ul style="list-style-type: none"> ▶ The Council's processes to collect the required data. ▶ Whether reasonable accounting policy choices had been made. ▶ Whether relevant finance staff are familiar with the requirements of the CIPFA Code in this area and training has been provided. ▶ The transitional and ongoing accounting arrangements that have been established. ▶ Systems and processes to establish and distinguish between lease remeasurements and modifications. ▶ Based on this assessment we have concluded that the Council has reasonable arrangements in place to support the adoption of IFRS 16 in 2024/25.

Appendix G – Management representation letter

Management representation letter

Management Rep Letter

Mark Hodgson
Ernst & Young
One Cambridge Square
Cambridge
CB4 0AE

This letter of representations is provided in connection with your audit of the financial statements of London Borough of Havering (“the Council”) for the year ended 31 March 2024. We recognise that obtaining representations from us concerning the information contained in this letter is a significant procedure in enabling you to form an opinion as to whether the financial statements give a true and fair view of the Council financial position of London Borough of Havering as of 31 March 2024 and of its income and expenditure for the year then ended in accordance with CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24 (as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets (November 2022)).

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

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

A. Financial Statements and Financial Records

1. We have fulfilled our responsibilities, under the relevant statutory authorities, for the preparation of the financial statements in accordance with the Accounts and Audit Regulations 2015 and CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24 (as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets (November 2022)).

2. We acknowledge, as members of management of the Council, our responsibility for the fair presentation of the financial statements. We believe the financial statements referred to above give a true and fair view of the financial position, financial performance (or results of operations) and cash flows of the Council in accordance with the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24 (as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets (November 2022)), and are free of material misstatements, including omissions. We have approved the financial statements.
3. The significant accounting policies adopted in the preparation of the financial statements are appropriately described in the financial statements.
4. As members of management of the Council, we believe that the Council has a system of internal controls adequate to enable the preparation of accurate financial statements in accordance with the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24 (as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets (November 2022)), that are free from material misstatement, whether due to fraud or error.
5. We believe that the effects of any unadjusted audit differences, summarised in the accompanying schedule, accumulated by you during the current audit and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole. We have not corrected these differences identified by and brought to the attention from the auditor because [specify reasons for not correcting misstatement].
6. We confirm the Council does not have securities (debt or equity) listed on a recognized exchange.

B. Non-compliance with law and regulations, including fraud

1. We acknowledge that we are responsible to determine that the Council's activities are conducted in accordance with laws and regulations and that we are responsible to identify and address any non-compliance with applicable laws and regulations, including fraud.

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2. We acknowledge that we are responsible for the design, implementation and maintenance of a system of internal control to prevent and detect fraud and that we believe we have appropriately fulfilled those responsibilities.
3. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
4. We have disclosed to you, and provided you full access to information and any internal investigations relating to, all instances of identified or suspected non-compliance with law and regulations, including fraud, known to us that may have affected the Council (regardless of the source or form and including, without limitation, allegations by “whistleblowers”) including non-compliance matters:
 - involving financial improprieties;
 - related to laws and regulations that have a direct effect on the determination of material amounts and disclosures in the Council’s financial statements;
 - related to laws and regulations that have an indirect effect on amounts and disclosures in the financial statements, but compliance with which may be fundamental to the operations of the Council’s activities, its ability to continue to operate, or to avoid material penalties;
 - involving management, or employees who have significant roles in internal controls, or others; or
 - in relation to any allegations of fraud, suspected fraud or other non-compliance with laws and regulations communicated by employees, former employees, analysts, regulators or others.

C. Information Provided and Completeness of Information and Transactions

1. We have provided you with:
 - Access to all information of which we are aware that is relevant to the preparation of the financial statements such as records, documentation and other matters;

- Additional information that you have requested from us for the purpose of the audit; and
- Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.

2. All material transactions have been recorded in the accounting records and are reflected in the financial statements.
3. We have made available to you all minutes of the meetings of the Council and committees (or summaries of actions of recent meetings for which minutes have not yet been prepared) held through the 2023/24 to the most recent meeting on the following date: [list date].
4. We confirm the completeness of information provided regarding the identification of related parties. We have disclosed to you the identity of the Council’s related parties and all related party relationships and transactions of which we are aware, including sales, purchases, loans, transfers of assets, liabilities and services, leasing arrangements, guarantees, non-monetary transactions and transactions for no consideration for the period ended, as well as related balances due to or from such parties at the year end. These transactions have been appropriately accounted for and disclosed in the financial statements.
5. We believe that the methods, significant assumptions and the data we used in making accounting estimates and related disclosures are appropriate and consistently applied to achieve recognition, measurement and disclosure that is in accordance with the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24 (as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets (November 2022)).
6. We have disclosed to you, and the Council has complied with, all aspects of contractual agreements that could have a material effect on the financial statements in the event of non-compliance, including all covenants, conditions or other requirements of all outstanding debt.

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- From the date of our last management representation letter through the date of this letter we have disclosed to you, to the extent that we are aware, any (1) unauthorized access to our information technology systems that either occurred or to the best of our knowledge is reasonably likely to have occurred based on our investigation, including of reports submitted to us by third parties (including regulatory agencies, law enforcement agencies and security consultants), to the extent that such unauthorized access to our information technology systems is reasonably likely to have a material impact to the financial statements, in each case or in the aggregate, and (2) ransomware attacks when we paid or are contemplating paying a ransom, regardless of the amount.

D. Liabilities and Contingencies

- All liabilities and contingencies, including those associated with guarantees, whether written or oral, have been disclosed to you and are appropriately reflected in the financial statements.
- We have informed you of all outstanding and possible litigation and claims, whether or not they have been discussed with legal counsel.
- We have recorded and/or disclosed, as appropriate, all liabilities related to litigation and claims, both actual and contingent, and have disclosed in Note 50 to the financial statements all guarantees that we have given to third parties.
- No claims in connection with litigation have been or are expected to be received.

E. Ownership of Assets

- Except for assets capitalised under finance leases, the Council has satisfactory title to all assets appearing in the balance sheet, and there are no liens or encumbrances on the Council's assets, nor has any asset been pledged as collateral, other than those that are disclosed in Note 51 to the financial statements. All assets to which the Council has satisfactory title appear in the balance sheet.

- All agreements and options to buy back assets previously sold have been properly recorded and adequately disclosed in the financial statements.
- We have no plans to abandon lines of product or other 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.
- There are no formal or informal compensating balance arrangements with any of our cash and investment accounts. Except as disclosed in the financial statements, we have no other line of credit arrangements.

F. Use of the Work of a Specialist

- We agree with the findings of the specialists that we engaged to evaluate the IAS 19 Pension disclosures, Property, Plant and Equipment and Investment Property valuations and Long-Term Debtor and Inventory valuations and have adequately considered the qualifications of the specialists in determining the amounts and disclosures included in the financial statements and the underlying accounting records. We did not give or cause any instructions to be given to the specialists with respect to the values or amounts derived in an attempt to bias their work, and we are not otherwise aware of any matters that have had an effect on the independence or objectivity of the specialists.

G. Estimates

- We confirm that the significant judgments made in making the Property, Plant and Equipment and Investment Property valuations, Long Term Debtor valuations, Inventory valuations, Expected Credit Loss assessments, IAS 19 pension valuations and Minimum Revenue Provision valuations have taken into account all relevant information of which we are aware.
- We believe that the selection or application of the methods, assumptions and data used by us have been consistently and appropriately applied or used in making the Property, Plant and Equipment and Investment Property valuations, Long Term Debtor valuations, Inventory valuations, Expected Credit Loss assessments, IAS 19 pension valuations and Minimum Revenue Provision valuations.

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3. We confirm that the significant assumptions used in making the Property, Plant and Equipment and Investment Property valuations, Long Term Debtor valuations, Inventory valuations, Expected Credit Loss assessments, IAS 19 Pension Valuations and Minimum Revenue Provision valuations appropriately reflect our intent and ability to carry out the assessments and valuations, and any specific courses of action on behalf of the entity.
4. We confirm that the disclosures made in the financial statements with respect to the accounting estimates, including those describing estimation uncertainty, are complete and are reasonable in the context of the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24 (as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets (November 2022)).
5. We confirm that appropriate specialized skills or expertise has been applied in making the Property, Plant and Equipment and Investment Property valuations, Long Term Debtor valuations, Inventory valuations, Expected Credit Loss assessments, IAS 19 pension valuations and Minimum Revenue Provision valuations.
6. We confirm that no adjustments are required to the accounting estimates and disclosures in the financial statements.

H. Retirement benefits

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

I. Reserves

1. We have properly recorded or disclosed in the financial statements the useable and unusable reserves.

J. Contingent Liabilities

1. We are unaware of any violations or possible violations of laws or regulations the effects of which should be considered for disclosure in the financial statements or as the basis of recording a contingent loss (other than those disclosed or accrued in the financial statements).
2. We are unaware of any known or probable instances of non-compliance with the requirements of regulatory or governmental authorities, including their financial reporting requirements, and there have been no communications from regulatory agencies or government representatives concerning investigations or allegations of non-compliance, except as follows:
 - Matters of routine, normal, recurring nature (e.g., examinations by bank and insurance examiners, examinations by taxing authorities) none of which involves any allegations of noncompliance with laws or regulations that should be considered for disclosure in the financial statements or as a basis for recording a loss contingency.

K. Going Concern

1. Note 1.01 to the financial statements discloses all the matters of which we are aware that are relevant to the Council's ability to continue as a going concern, including significant conditions and events, our plans for future action, and the feasibility of those plans.

L. Subsequent Events

1. Other than the events described in Note 53 to the financial statements, there have been no events subsequent to period end which require adjustment of or disclosure in the financial statements or notes thereto.

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M. Other information

1. We acknowledge our responsibility for the preparation of the other information. The other information comprises the Annual Governance Statement and Narrative Statement.
2. We confirm that the content contained within the other information is consistent with the financial statements.

N. Climate-related matters

1. We confirm that to the best of our knowledge all information that is relevant to the recognition, measurement, presentation and disclosure of climate-related matters has been considered including the impact resulting from the commitments made by the Council and reflected in the financial statements.
2. The key assumptions used in preparing the financial statements are, to the extent allowable under the requirements of the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24 (as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets (November 2022)), aligned with the statements we have made in the other information or other public communications made by us.

Yours faithfully,

(Chief Financial Officer))

(Chairman of the Audit Committee)

APPENDIX A

EY | Building a better working world

EY exists to build a better working world, helping to create long-term value for clients, people and society and build trust in the capital markets.

Enabled by data and technology, diverse EY teams in over 150 countries provide trust through assurance and help clients grow, transform and operate.

Working across assurance, consulting, law, strategy, tax and transactions, EY teams ask better questions to find new answers for the complex issues facing our world today.

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