

Mid Sussex District
Council
Audit results report
Year ended 31 March 2019

July 2019

The EY logo consists of the letters 'EY' in a bold, white, sans-serif font. A yellow triangle is positioned above the 'Y'.

Building a better
working world

11 July 2019



Dear Audit Committee Members

We are pleased to attach our audit results report for the forthcoming meeting of the Audit Committee. This report summarises our preliminary audit conclusion in relation to the audit of Mid Sussex District Council for 2018/19.

We have substantially progressed our audit of the Council for the year ended 31 March 2019.

Subject to concluding the outstanding matters listed in our report, we confirm that we expect to issue an unqualified audit opinion on the financial statements in the form at Section 3, before the statutory deadline of 31 July 2019.

We also have no matters to report on your arrangements to secure economy, efficiency and effectiveness in your use of resources.

This report is intended solely for the use of the Audit Committee, other members of the Authority, and senior management. It should not be used for any other purpose or given to any other party without obtaining our written consent.

We would like to thank your staff for their help during the engagement.

We welcome the opportunity to discuss the contents of this report with you at the Audit Committee meeting on 22 July 2019.

Yours faithfully

Kevin Suter

Associate Partner

For and on behalf of Ernst & Young LLP

Encl

Contents



Public Sector Audit Appointments Ltd (PSAA) have issued a 'Statement of responsibilities of auditors and audited bodies'. It is available from the Chief Executive of each audited body and via the PSAA website (www.psa.co.uk). This 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 (updated April 2018)' issued by 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 statute, and covers matters of practice and procedure which are of a recurring nature.

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

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



01 Executive Summary

Executive Summary

Scope update

In our audit planning report tabled at the 25 February 2019 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.

Changes in materiality:

We updated our planning materiality assessment using the draft financial statements and have also reconsidered our risk assessment. Based on our materiality measure of gross expenditure on provision of services, we have updated our overall materiality assessment to £1.526m (Audit Planning Report – £1.47m). This results in updated performance materiality, at 75% of overall materiality, of £1.144m, and an updated threshold for reporting misstatements of £0.076m.

Status of the audit

We have substantially progressed our audit of Mid Sussex District Council's financial statements for the year ended 31 March 2019 and have performed the procedures outlined in our Audit planning report. Subject to satisfactory completion of the following outstanding items, we expect to issue an unqualified opinion on the Council's financial statements in the form which appears at Section 3. However until work is complete, further amendments may arise:

- Capital Grants Receipts in Advance
- Cash and Equivalents*
- Creditors sample testing*
- Debtors sample testing*
- Investments (outstanding confirmations)
- PPE Additions*
- Payroll analytical procedures*
- Finance & Investment Income and Expenditure
- Housing Benefit Expenditure
- Expenditure testing*
- Income testing*
- NDR Appeals Provision
- Annual Governance Statement review
- Financial Instruments

- Leases
- MRP
- review of the final version of the financial statements
- completion of subsequent events review
- receipt of the signed management representation letter
- completion of procedures required by the National Audit Office (NAO) regarding the Whole of Government Accounts submission

*We note that those areas marked with an asterisk are in progress or substantially complete at the time of writing.

Audit differences

There are no unadjusted audit differences arising from our audit.

Adjustments were made to the financial statements in respect of the following items:

- We found that Cash and Cash Equivalents disclosed in the first draft of the 2018/19 financial statements included £7m of investments where the maturity date was close to year end. However, these investments were not readily convertible to cash, had an initial duration of at least one year, and were not held for the purpose of meeting short-term cash commitments. They therefore do not meet the criteria under IAS7 for recognition as Cash and Cash Equivalents. Investigation confirmed that £5m of investments of a similar nature were also included in the prior period. This therefore resulted in adjustment to both the current year and prior year figures. The error also impacted associate notes and the Cash Flow Statement.
- We identified a small number of disclosure points which have been amended in the final version of the financial statements.

Although not considered to be misstatements, the financial statements have also been updated for the following issues:

1 - 'McCloud' judgement

An employment tribunal case was brought against the Government in relation to possible discrimination in the implementation of transitional protection following the introduction of the reformed 2015 public service pension schemes from 1 April 2015. Transitional protection enabled some members to remain in the pre-2015 schemes after 1 April 2015 until retirement or the end of a pre-determined tapered protection period. The claimants challenged the transitional protection arrangements on the grounds of direct age discrimination, equal pay and indirect gender and race discrimination. A tribunal ruled in favour of the claimants. The Council had recognised the case as a Contingent Liability within the draft financial statements. However, permission for the Government to appeal was denied in late June 2019.

As a result, there was, in our opinion, now a constructive obligation to take into account as the ruling was that the transitional protections given during the 2015 pension scheme reforms were unlawful. The Council therefore obtained an updated IAS 19 Pension report from the Actuary which accounted for the estimated impact of this ruling.

2 - Hurst Farm:

During the course of our audit, the Council received a number of bids on its Asset Held for Sale, Hurst Farm. Assets Held for Sale are required to be valued at Fair Value; being "the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date" per the CIPFA code. As the value of these bids was different to the value at which the asset was held within the accounts, the Council has included a disclosure in Note 4: Events After the Reporting Period. We note that as no obligation actually exists, the value of the asset on the Council's Balance Sheet has not been amended.

Executive Summary

Objections

We have received no objections to the 2018/19 accounts from members of the public.

Areas of audit focus

Our Audit Planning Report identified key areas of focus for our audit of Mid Sussex District Council's financial statements. This report sets out our observations and conclusions, including our views on areas which might be conservative, and where there is potential risk and exposure. We summarise our consideration of these matters, and any others identified, in the "Key Audit Issues" section of this report.

We ask you to review these and any other matters in this report to ensure:

- There are no other considerations or matters that could have an impact on these issues
- You agree with the resolution of the issue
- There are no other significant issues to be considered.

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

Control observations

We have adopted a fully substantive approach, so have not tested the operation of controls.

Value for money

We have considered your arrangements to take informed decisions; deploy resources in a sustainable manner; and work with partners and other third parties. In our Audit Planning Report we identified the following significant risk around the purchase of investment property.

We have no matters to report about your arrangements to secure economy efficiency and effectiveness in your use of resources.

Executive Summary

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 will have performed the procedures required by the National Audit Office (NAO) on the Whole of Government Accounts submission in advance of the deadline. We expect to have no issues to report.

We have no other matters to report.

Independence

No independence or ethical issues arose during the course of our audit.

Please refer to Section 7 for our update on Independence.



02 Areas of Audit Focus



Areas of Audit Focus

Significant risk

Misstatements due to fraud or error

What is the risk?

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

As identified in ISA (UK and Ireland) 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.

We identify and respond to this fraud risk on every audit engagement.



What judgements are we focused on?

We focused on aspects of the financial statements which are open to estimation and judgment, which would facilitate management overriding controls:

- ▶ Material accounting estimates, such as the valuation of property, plant and equipment and the Council's IAS19 liability;
- ▶ Journal entries subject to specific narrative descriptors, posted at certain times of the financial year or by certain individuals, and journals which exceed certain values; and,
- ▶ Unusual transactions anywhere in the financial statements.

What are our conclusions?

Our audit work to date has not identified any material issues, inappropriate judgements or unusual transactions which indicated that there had been any misreporting of the Council's financial position, or that management had overridden control.

We were satisfied that accounting estimates were fairly stated, journal entries had been posted properly and for genuine business reasons and that any unusual transactions were supported by appropriate audit evidence.

What did we do?

In response to this risk, we:

- Made inquiries of management about risks of fraud and the controls put in place to address those risks.
- Obtained an understanding the oversight given by those charged with governance of management's processes over fraud.
- Considered the effectiveness of management's controls designed to address the risk of fraud.
- Performed mandatory procedures regardless of specifically identified fraud risks, including;
 - testing of journal entries and other adjustments in the preparation of the financial statements.
 - Review accounting estimates for evidence of management bias.
 - Evaluate the business rationale for significant unusual transactions.

Significant risk

Risk of incorrect capitalisation of revenue expenditure

What is the risk?

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.

We believe the risk of manipulation is most likely to manifest in the incorrect capitalisation of revenue expenditure, as there is an incentive to reduce expenditure in the general fund which is funded from Council Tax. This could then result in funding of that expenditure, that should properly be defined as revenue, through inappropriate sources such as capital receipts, capital grants, or borrowing.



What judgements are we focused on?

We focused on the Councils judgements to classify expenditure as either revenue or capital in nature. We tested a sample of items to confirm that the Councils judgement was supported by sufficient evidence and was genuinely capital in nature.

What are our conclusions?

The results of our testing showed that capital expenditure recorded in the financial statements was appropriately recorded, and was genuinely capital in nature. We were also satisfied that REFCUS appropriately met the requirements to be financed from capital resources. Finally, we were satisfied that there were no issues arising from journals posted within the general ledger.

We therefore concluded that there is no evidence the Council has incorrectly capitalised revenue expenditure.

What did we do?

In response to this risk, we:

- Tested PPE additions to ensure that the expenditure incurred and capitalised is clearly capital in nature.
- Tested Revenue Expenditure Funded from Capital Under Statute (REFCUS), to ensure that it is appropriate for the revenue expenditure incurred to be financed from ring fenced capital resources.
- Identified and obtained an understanding of the basis for significant journals transferring expenditure from revenue to capital codes within the general ledger.



Areas of Audit Focus



Areas of audit focus

Valuation of Land and Buildings/Investment Properties:

In our Audit Planning Report, we identified the valuation of land, buildings and investment properties as an area that was not a significant risk, but was an area of audit focus due to its complexity and size within the financial statements. The valuation of land and buildings is complex and is subject to a number of assumptions and judgements. A small movement in these assumptions can have a material impact on the financial statements.

In response, we completed the following procedures:

- we considered the work performed by the Council's valuer (Wilks, Head & Eve), and confirmed that the scope of the work performed was adequate, they had the appropriate professional capabilities to complete the work and the results of their work was in line with our expectations;
- we challenged the assumptions used by the Council's valuer by reference to external evidence and our EY valuation specialists. This included considering significant or unusual movements in valuation and investments in areas of the economy under stress such as retail. We were satisfied that the assumptions used were in line with our expectations;
- we sample tested key asset information used by the valuer in performing their valuation (e.g. building areas to support valuations based on price per square metre). We found no evidence that the key information used was incorrect;
- we confirmed that valuation was undertaken to ensure all assets required to be valued in line with the Councils 5 year rolling programme had been completed, and that all investment property had been revalued in year as required by the Code. We confirmed the valuation was completed on up-to-date information regarding each asset such that any specific changes to assets that have occurred in year had been communicated to the valuer;
- we checked those assets not subject to valuation in 2018/19 to confirm that the remaining asset base is not materially misstated;
- we reviewed and challenged where necessary any changes to useful economic lives as a result of the most recent valuation; and
- we tested the accounting entries posted via journal to ensure they have been correctly processed in the financial statements.

As a result of these procedures, we were satisfied that the Council had appropriately accounted for the valuation of land, buildings and investment property.

IFRS 9 – Financial Instruments:

In our Audit Planning Report, we outlined the new requirements relating to Financial Instruments. The new requirements change:

- How financial assets are classified and measured;
- How the impairment of financial assets are calculated; and
- The disclosure requirements for financial assets.

In response, we completed the following procedures:

- We assessed the Council's implementation arrangements, which included its assessment of the impact of the new standard. Based upon our procedures we identified no evidence that this standard would have a significant impact on the Council's accounts beyond new disclosure requirements.
- We confirmed the Council's accounting policies had been correctly updated for the new standard, and that this new policy had been appropriately applied.
- We confirmed the additional disclosure requirements had been included within the draft financial statements.



Areas of Audit Focus



Areas of audit focus

IFRS 15 – Revenue from Contracts with Customers

IFRS 15 is another new accounting standard relevant for the 2018/19 financial period. The key requirements of the standard cover the identification of performance obligations under customer contracts and the linking of income to the meeting of those performance obligations.

In response to the new standard, we have:

- Assessed the Council's implementation arrangements for the new standard, confirming there is no material impact of the standard on the Council's accounts.
- Considered the application of the standard to the Council's revenue streams and confirmed that in line with the Council's assessment, we do not believe there to be a material impact.
- Confirmed the Council's accounting policies have been properly updated to reflect the new standard.
- Confirmed that the additional disclosure requirements have been included in the financial statements.

Other matters

IFRS 16 – Leases

IFRS 16 Leases is an accounting standard that will be applicable to the Council for the 2020/21 financial year. The changes introduced by the standard will have substantial practical implications for local authorities that currently have material operating leases, and are also likely to have an effect on the capital financing arrangements of the authority. The new leasing standard will lead to a substantial change in accounting practice for lessees for whom the current distinction between operating and finance leases will be removed. Instead it requires that a lessee recognises assets and liabilities for all leases with a term of more than 12 months unless the underlying asset is of low value.

Mid Sussex District Council has a finance lease with SERCO relating to the provision of waste collection, to the value of £2.8m. This is unlikely to be affected. The Council recognised one operating lease as at 31 March 2019, with a value of £6,000.

We therefore do not believe the impact of standard will have a material affect on the Councils accounts. However, should new leased be acquired, the Council will need to undertake appropriate assessment of the impact.



03 Audit Report



Audit Report

Draft audit report

Our opinion on the financial statements

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MID SUSSEX DISTRICT COUNCIL

Opinion

We have audited the financial statements of Mid Sussex District Council for the year ended 31 March 2019 under the Local Audit and Accountability Act 2014. The financial statements comprise the:

- Comprehensive Income and Expenditure Statement
- Movement in Reserves Statement
- Balance Sheet,
- Cash Flow Statement
- related notes 1 to 40.
- Collection Fund and the related notes 1 to 4.

The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2018/19.

In our opinion the financial statements:

- give a true and fair view of the financial position of Mid Sussex District Council as at 31 March 2019 and of its expenditure and income for the year then ended; and
- have been prepared properly in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2018/19.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the authority in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and the Comptroller and Auditor General's (C&AG) AGNO1, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Head of Corporate Resources 's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Head of Corporate Resources has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Authority's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.



Audit Report

Draft audit report

Our opinion on the financial statements

Other information

The other information comprises the information included in the Statement of Accounts 2018-19, other than the financial statements and our auditor's report thereon. The Head of Corporate Resources is responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matters prescribed by the Local Audit and Accountability Act 2014

Arrangements to secure economy, efficiency and effectiveness in the use of resources

In our opinion, based on the work undertaken in the course of the audit, having regard to the guidance issued by the Comptroller and Auditor General (C&AG) in November 2017, we are satisfied that, in all significant respects, Mid Sussex District Council put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2019.

Matters on which we report by exception

We report to you if:

- in our opinion the annual governance statement is misleading or inconsistent with other information forthcoming from the audit or our knowledge of the Council;
- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014;
- we make written recommendations to the audited body under Section 24 of the Local Audit and Accountability Act 2014;
- we make an application to the court for a declaration that an item of account is contrary to law under Section 28 of the Local Audit and Accountability Act 2014;
- we issue an advisory notice under Section 29 of the Local Audit and Accountability Act 2014; or
- we make an application for judicial review under Section 31 of the Local Audit and Accountability Act 2014.

Draft audit report

Our opinion on the financial statements

Responsibility of the Head of Corporate Resources

As explained more fully in the Statement of the Head of Corporate Resources Responsibilities set out on page 4, the Head of Corporate Resources is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2018/19, and for being satisfied that they give a true and fair view.

In preparing the financial statements, the Head of Corporate Resources is responsible for assessing the Authority's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Authority either intends to cease operations, or have no realistic alternative but to do so.

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error

and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

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

We have undertaken our review in accordance with the Code of Audit Practice, having regard to the guidance on the specified criterion issued by the Comptroller and Auditor General (C&AG) in November 2017, as to whether Mid Sussex District Council had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people. The Comptroller and Auditor General determined this criterion as that necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether Mid Sussex District Council put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2019.

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



Audit Report

Draft audit report

Our opinion on the financial statements

We are required under Section 20(1)(c) of the Local Audit and Accountability Act 2014 to satisfy ourselves that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The Code of Audit Practice issued by the National Audit Office (NAO) requires us to report to you our conclusion relating to proper arrangements.

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

Certificate

We certify that we have completed the audit of the accounts of Mid Sussex District Council in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice issued by the National Audit Office.

Use of our report

This report is made solely to the members of Mid Sussex District Council, as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014 and for no other purpose, as set out in paragraph 43 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. To the fullest extent permitted by law,

we do not accept or assume responsibility to anyone other than Mid Sussex District Council and Mid Sussex District Council's members as a body, for our audit work, for this report, or for the opinions we have formed.

Kevin Suter (Key Audit Partner)
Ernst & Young LLP (Local Auditor)
Southampton
xx July 2019

The maintenance and integrity of the Mid Sussex District Council web site is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the web site.

Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

A woman with long brown hair, wearing a dark sleeveless top, is pointing her right index finger at a large wall of digital screens. The screens display various financial charts, including line graphs with green and red lines, and data tables. The background is a dimly lit room with blue ambient lighting.

04 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 £0.076m which have been corrected by management that were identified during the course of our audit.

At the time of writing, we have identified one corrected error which exceeds this threshold:

- We found that Cash and Cash Equivalents disclosed in the first draft of the 2018/19 financial statements included £7m of investments where the maturity date was close to year end. However, these investments were not readily convertible to cash, had an initial duration of at least one year, and were not held for the purpose of meeting short-term cash commitments. They therefore do not meet the criteria under IAS7 for recognition as Cash and Cash Equivalents. Investigation confirmed that £5m of investments of a similar nature were also included in the prior period. This therefore resulted in adjustment to both the current year figures and, through a prior period adjustment, the 2017/18 figures. Journal entries are as follows:
 - 2018/19:
 - Credit Cash £7m
 - Debit Investments £7m
 - 2017/18:
 - Credit Cash £5m
 - Debit Investments £5m

The error also impacted associate notes and the Cash Flow Statement and the Financial Instrument disclosures.

There were no uncorrected misstatements.



Audit Differences

Summary of adjusted differences (cont.)

We also highlight two further points for consideration by the Committee. We do not categorise them as misstatements, but bring them to your attention as they amend the draft financial statements.

1 - 'McCloud' judgement:

An employment tribunal case was brought against the Government in relation to possible discrimination in the implementation of transitional protection following the introduction of the reformed 2015 public service pension schemes from 1 April 2015. Transitional protection enabled some members to remain in the pre-2015 schemes after 1 April 2015 until retirement or the end of a pre-determined tapered protection period. The claimants challenged the transitional protection arrangements on the grounds of direct age discrimination, equal pay and indirect gender and race discrimination. A tribunal ruled in favour of the claimants. The Council had recognised the case as a Contingent Liability within the draft financial statements. However, permission for the Government to appeal was denied in late June 2019.

As a result, there was, in our opinion, now a constructive obligation to take into account as the ruling was that the transitional protections given during the 2015 pension scheme reforms were unlawful. The Council therefore obtained an updated IAS 19 Pension report from the Actuary which accounted for the estimated impact of this ruling as being the substantial part of a £701,000 liability increase. The following balances were therefore amended within the financial statements:

- There was an increase to the IAS19 gross liability, from £148,530k to £149,240k
- There has been an increase to the past service cost from £262k to £963k
- The relevant contingent liability was removed from Note 35 in the financial statements.
- Narrative was added to Note 4: Events After the Reporting Period to disclose the fact there was now constructive obligation.

2 - Hurst Farm:

During the course of our audit, the Council received a number of bids on its Asset Held for Sale, Hurst Farm. Assets Held for Sale are required to be valued at Fair Value; being "the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date" per the CIPFA code. As the value of these bids was different to the value at which the asset was held within the accounts, the Council has included a disclosure in Note 4: Events After the Reporting Period. We note that as no obligation actually exists, the value of the asset on the Council's Balance Sheet has not been amended.

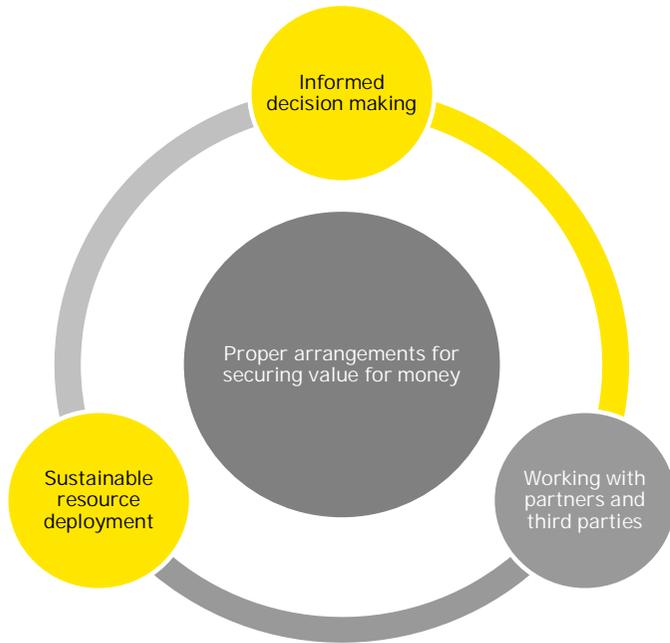


05

Value for Money Risks



Value for Money



Background

We are required to consider whether the Council has put in place 'proper arrangements' to secure economy, efficiency and effectiveness on its use of resources. This is known as our value for money conclusion.

For 2018/19 this is based on the overall evaluation criterion:

"In all significant respects, the audited body had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people"

Proper arrangements are defined by statutory guidance issued by the National Audit Office. They comprise your arrangements to:

- Take informed decisions;
- Deploy resources in a sustainable manner; and
- Work with partners and other third parties.

In considering your proper arrangements, we will draw on the requirements of the CIPFA/SOLACE framework for local government to ensure that our assessment is made against a framework that you are already required to have in place and to report on through documents such as your annual governance statement.

Overall conclusion

We identified one significant risks around these arrangements in relation to the Council's purchase of investment property. The tables below present our findings in response to this risk.

We therefore expect having no matters to report about your arrangements to secure economy, efficiency and effectiveness in your use of resources.



Value for Money Risks

We are only required to determine whether there are any risks that we consider significant within the Code of Audit Practice, where risk is defined as:

“A matter is significant if, in the auditor’s professional view, it is reasonable to conclude that the matter would be of interest to the audited body or the wider public”

Our risk assessment supports the planning of enough work to deliver a safe conclusion on your arrangements to secure value for money, and enables us to determine the nature and extent of any further work needed. If we do not identify a significant risk we do not need to carry out further work.

The table below presents the findings of our work in response to the risk areas in our Audit Planning Report.

What is the significant value for money risk?

What arrangements did the risk affect?

What are our findings?

Purchase of Investment Property

Take informed decisions / Deploy resources in a sustainable manner

We reviewed the external advice obtained by the Council in relation to these purchases, which was typically in the form of Purchase Reports from BNP Paribas. The advice stated that the purchases appeared sound investments and supported the Council’s decision to invest. No formal due diligence appears to have been undertaken but the Purchase Reports provided by BNP Paribas typically included the expected information included in a due diligence report.

The purchases had been made in accordance with the Councils constitution, with approval for the purchases having been obtained at the Councils Cabinet meetings dated 15 October 2018 and 11 February 2019.

We identified no deviation from the CIPFA Prudential Code or statutory guidance on Local Authority Investments.

We therefore conclude that the Council has acted in line with advice received.



06 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 Statement of Accounts 2018/19 with the audited financial statements

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.

Financial information in the Statement of Accounts 2018/19 and published with the financial statements was consistent with the audited financial statements.

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 do not anticipate any matters to report as the Council is below the specified threshold for detailed procedures.

Other reporting issues

Other powers and duties

We have a duty under the Local Audit and Accountability Act 2014 to consider whether to report on any matter that comes to our attention in the course of the audit, either for the Authority to consider it or to bring it to the attention of the public (i.e. “a report in the public interest”). We did not identify any issues which required us to issue a report in the public interest.

We also have a duty to make written recommendations to the Authority, copied to the Secretary of State, and take action in accordance with our responsibilities under the Local Audit and Accountability Act 2014. We did not identify any issues.

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 Council’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;
- Related parties;
- External confirmations;
- Going concern;
- Consideration of laws and regulations; and
- Group audits

We have no matters to report.



07

Independence

Confirmation



We confirm that there are no changes in our assessment of independence since our confirmation in our audit planning board report dated January 2019.

We complied with the FRC Ethical Standards and the requirements of the PSAA's Terms of Appointment. In our professional judgement the firm is independent and the objectivity of the audit engagement partner and audit staff has not been compromised within the meaning of regulatory and professional requirements.

We consider that our independence in this context is a matter which you should review, as well as us. It is important that you and your Audit Committee consider the facts known to you and come to a view. If you would like to discuss any matters concerning our independence, we will be pleased to do this at the meeting of the Audit Committee on 22 July 2019.

We confirm we have undertaken non-audit work outside the NAO Code requirements in relation to our work to certify the Council's Housing Benefits claim. We have adopted the necessary safeguards in our completion of this work.

Independence



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 Authority, and its directors and senior management and its affiliates, including all services provided by us and our network to your Authority, 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 the our integrity or objectivity, including those that could compromise independence and the related safeguards that are in place and why they address the threats.

There are no relationships from [insert start of financial year] to the date of this report, which we consider may reasonably be thought to bear on our independence and objectivity. / We highlight the following relationships that may be reasonably considered to bear upon our objectivity and independence. However we have adopted the safeguards noted below to mitigate these threats [Amend and delete as appropriate, including the table – see separate guidance notes on the types of relationships that must be disclosed]

Services provided by Ernst & Young

Below includes a summary of the fees that you have paid to us in the year ended 31 March 2019 in line with the disclosures set out in FRC Ethical Standard and in statute. Full details of the services that we have provided and the related threats and safeguards are included in on the next page.

We confirm that none of the services listed in on the next page have been provided on a contingent fee basis.

As at the date of this report, there are no future services which have been contracted and no written proposal to provide non-audit services has been submitted.

Independence

Fee analysis

As part of our reporting on our independence, we set out below a summary of the fees paid for the year ended 31 March 2019.

We confirm that we have undertaken non-audit work outside the NAO Code requirements to certify the Council's Housing Benefit claim. We have adopted the necessary safeguards in completing this work and complied with Auditor Guidance Note 1 issued by the NAO.

	Final Fee 2018/19	Planned Fee 2018/19	Final Fee 2017/18
	£	£	£
Total Audit Fee – Code work	38,917	38,917	50,542
Non-audit work – certification of Housing Benefit claim	13,172*	13,172	17,858
Total fees	52,089	52,089	68,400

* Our work in respect of the Housing Benefit subsidy claim 2018/19 is still to be completed.



08

Appendices

Appendix A

Required communications with the Audit Committee

There are certain communications that we must provide to the Audit Committees of UK clients. 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 planning report to February 2019 Audit Committee
Planning and audit approach	Communication of the planned scope and timing of the audit, any limitations and the significant risks identified.	Audit planning report to February 2019 Audit Committee
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 to July 2019 Audit Committee

Appendix A

		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 • Whether the use of the going concern assumption is appropriate in the preparation and presentation of the financial statements • The adequacy of related disclosures in the financial statements 	No conditions or events were identified, either individually or together to raise any doubt about Mid Sussex District Council's ability to continue for the 12 months from the date of our report.
Misstatements	<ul style="list-style-type: none"> • Uncorrected misstatements and their effect on our audit opinion • 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 to July 2019 Audit Committee
Subsequent events	<ul style="list-style-type: none"> • Enquiry of the audit committee where appropriate regarding whether any subsequent events have occurred that might affect the financial statements. 	July 2019 Audit Committee
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 Authority • 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 Authority, 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 • Any other matters related to fraud, relevant to Audit Committee responsibility. 	<p>Audit results report to July 2019 Audit Committee</p> <p>No matters to report.</p>

Appendix A

		Our Reporting to you
Required communications	What is reported?	When and where
Related parties	<p>Significant matters arising during the audit in connection with the Authority'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 Authority 	<p>Audit results report to July 2019 Audit Committee.</p> <p>No matters to report.</p>
Independence	<p>Communication of all significant facts and matters that bear on EY's, and all individuals involved in the audit, 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 judgments are made about threats to objectivity and independence and the appropriateness of safeguards put in place.</p>	<p>Audit planning report to February 2019 Audit Committee and Audit results report to July 2019 Audit Committee</p>

Appendix A

		Our Reporting to you
Required communications	What is reported?	When and where
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. 	<p>At the time of drafting the report, we are awaiting a small number of confirmations of investment balances held by the Council.</p> <div style="border: 1px solid black; padding: 2px; width: fit-content;">A1 A2</div>
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 	<p>We have asked management and those charged with governance. We have not identified any material instances or non-compliance with laws and regulations.</p>
Significant deficiencies in internal controls identified during the audit	<ul style="list-style-type: none"> Significant deficiencies in internal controls identified during the audit. 	<p>Audit results report to July 2019 Audit Committee and Annual Audit Letter.</p> <p>No matters to report.</p>

A1 Is this consistent with the o/s work. Might need to say some confirmations o/s, and will update the committee?

Author, 11/07/2019

A2 Updated for consistency

Author, 12/07/2019

Appendix A

		 Our Reporting to you
Required communications	 What is reported?	  When and where
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 	Audit results report to July 2019 Audit Committee
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 	Audit results report to July 2019 Audit Committee. No matters to report.
Auditors report	<ul style="list-style-type: none"> Any circumstances identified that affect the form and content of our auditor’s report 	Audit results report to July 2019 Audit Committee
Fee Reporting	<ul style="list-style-type: none"> Breakdown of fee information when the audit planning report is agreed Breakdown of fee information at the completion of the audit Any non-audit work 	Audit planning report to February 2019 Audit Committee and Audit results report to July 2019 Audit Committee

Management representation letter

Management Rep Letter

Ernst & Young
Wessex House,
19 Threefield Lane,
Southampton
SO14 3QB,
United Kingdom

This letter of representations is provided in connection with your audit of the financial statements of Mid Sussex District Council ("the Council") for the year ended 31 March 2019. 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 Mid Sussex District Council as of 31 March 2019 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 2018/19.

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

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

A. Financial Statements and Financial Records

1. We have fulfilled our responsibilities, under the relevant statutory authorities, for the preparation of the financial statements in accordance with the Accounts and Audit Regulations 2015 and CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2018/19.
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 2018/19, 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 2018/19, that are free from material misstatement, whether due to fraud or error.
5. There are no unadjusted audit differences identified during the current audit and pertaining to the latest period presented.

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.

Management representation letter

Management Rep Letter

2. We acknowledge that we are responsible for the design, implementation and maintenance of internal controls to prevent and detect fraud.

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 statements;
- 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 Audit Committees (or summaries of actions of recent meetings for which minutes have not yet been prepared) held through the period to the most recent meeting on the following date: 26 June 2019.

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 period end. These transactions have been appropriately accounted for and disclosed in the financial statements.

5. We believe that the significant assumptions we used in making accounting estimates, including those measured at fair value, are reasonable.

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.

Management representation letter

Management Rep Letter

D. Liabilities and Contingencies

1. All liabilities and contingencies, including those associated with guarantees, whether written or oral, have been disclosed to you and are appropriately reflected in the financial statements.
2. We have informed you of all outstanding and possible litigation and claims, whether or not they have been discussed with legal counsel.
3. We have recorded and/or disclosed, as appropriate, all liabilities related litigation and claims, both actual and contingent, and have disclosed in Note 35 to the financial statements all guarantees that we have given to third parties.

E. Subsequent Events

1. Other than the McCloud judgement described in Note 4 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.

F. Other information

1. We acknowledge our responsibility for the preparation of the other information. The other information comprises the information included in the Statement of Accounts 2018-19 set out on pages 4, 5 and 74 to 77.
2. We confirm that the content contained within the other information is consistent with the financial statements.

G. Prior Year Restatement

1. Cash and Cash Equivalents has been restated to remove investments held on the Balance Sheet which had been incorrectly classified as Cash and Cash Equivalents. These investments were not readily convertible to cash,

- had an initial duration of at least one year, and were not held for the purpose of meeting short-term cash commitments. They therefore do not meet the criteria under IAS7 for recognition as Cash and Cash Equivalents.
2. The comparative amounts have been correctly restated to reflect the above matter and appropriate note disclosure of this restatement has also been included in the current year's financial statements.

H. Ownership of Assets

1. 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. All assets to which the Council has satisfactory title appear in the Balance Sheet.
2. All agreements and options to buy back assets previously sold have been properly recorded and adequately disclosed in the financial statements.
3. There are no formal or informal compensating balance arrangements with any of our cash and investment accounts. We have no other line of credit arrangements.

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).

Management representation letter

Management Rep Letter

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

K. Purchase and Sales Commitments and Sales Terms

1. At the period end, the Council had no unusual commitments or contractual obligations of any sort which were not in the ordinary course of business and which might have an adverse effect upon the Council.

L. Use of the Work of a Specialist

1. We agree with the findings of the specialists that we engaged to evaluate the:

- valuation of Land, Buildings and Investment Property,
- valuation of the Councils IAS 19 Pension Liability
- valuation of the NDR Appeals Provision

2. We 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.

M. Estimates

1. We believe that the measurement processes, including related assumptions and models, used to determine the accounting estimates have been

consistently applied and are appropriate in the context of the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2018/19,

2. We confirm that the significant assumptions used in making the estimates appropriately reflect our intent and ability to carry out accurately account for the balances on behalf of the entity.

3. We confirm that the disclosures made in the financial statements with respect to the accounting estimates are complete and made in accordance with CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2018/19.

4. We confirm that no adjustments are required to the accounting estimates and disclosures in the financial statements due to subsequent events.

N. 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.

Yours faithfully,

Head of Corporate Resources
S151 Officer

Chairman of the Audit Committee

EY | Assurance | Tax | Transactions | Advisory

About EY

EY is a global leader in assurance, tax, transaction and advisory services. The insights and quality services we deliver help build trust and confidence in the capital markets and in economies the world over. We develop outstanding leaders who team to deliver on our promises to all of our stakeholders. In so doing, we play a critical role in building a better working world for our people, for our clients and for our communities.

EY refers to the global organization, and may refer to one or more, of the member firms of Ernst & Young Global Limited, each of which is a separate legal entity. Ernst & Young Global Limited, a UK company limited by guarantee, does not provide services to clients. For more information about our organization, please visit ey.com.

© 2017 EYGM Limited.
All Rights Reserved.

ED None

This material has been prepared for general informational purposes only and is not intended to be relied upon as accounting, tax, or other professional advice. Please refer to your advisors for specific advice.

ey.com