Lee Valley Regional Park Authority **LEE VALLEY REGIONAL PARK AUTHORITY** **AUDIT COMMITTEE** **14 FEBRUARY 2019 AT 12:30**	**Agenda Item No:** **6** **Report No:** **AUD/96/19**

EXTERNAL AUDIT 2018/19 - AUDIT PLAN

Presented by the Director of Finance & Resources

SUMMARY

As part of the 2018/19 audit the Authority's external auditors (Ernst & Young) undertake an interim audit and produce a plan to cover the end of year audit 2018/19. Sections 1 and 2 of this plan are attached at Appendix A to this report with a full plan available in the committee office or available electronically if Members require.

The auditor's intention is to undertake a fully substantive audit which will review and report on the financial statements as well as arrangements for securing economy, efficiency and effectiveness in the use of resources. As in previous years it will include a review of the work of the internal auditors, including audit plans and reports, together with reports from any other work completed in the year. The plan also covers other mandatory audit procedures required by auditing standards as well as the financial statements and value for money risks.

Materiality is assessed in two ways:

- planning materiality has been set at £4.74m, which represents 2% of the prior year total non-current assets; and
- as specific materiality of £396,000 based on the Authority's gross revenue income/expenditure where they impact on the levy. The auditor will communicate uncorrected audit misstatements greater than £237,000 to this committee.

The auditor uses this basis of materiality to reflect the fact that the main focus of the users of the accounts has been assessed to be the Authority's stewardship of the assets, rather than the services provided, as services are now largely provided by the Lee Valley Leisure Trust Ltd. They have therefore based materiality on total non-current assets rather than the gross cost of services.

The plan also highlights any potential risks for producing the financial statements and sets out the auditor's process, strategy and timetable.

The plan sets out the fee for 2018/19 (£14,337) and this is lower than that charged in 2017/18 (£18,619).

RECOMMENDATIONS

Members Note:

(1) the External Auditors' Audit Plan for 2018/19 (Sections 1 and 2) attached at Appendix A to this report; and

(2) the proposed annual audit fee for 2018/19 as set out in in the financial implications.

BACKGROUND

1 The role of external audit is to provide an annual independent assessment of how the Authority is discharging its responsibility for the stewardship of public money.

The audit focusses not only on the financial statements but also on Value For Money, particularly in relation to the budget, levy and key projects, for example the Leisure Services Contract procurement.

The Auditors' conclusions are reported in their annual Audit Results Report later in the year following the Final Accounts Audit in the summer. This Plan summarises their work to date and highlights risks which may arise during the course of the annual audit.

2 Preceding this preliminary audit work is carried out to assess the Authority's arrangements for ensuring the proper conduct of its financial affairs. The auditor has provided for this within the plan.

AUDIT PLAN 2018/19

3 Sections 1, 2 and 3 of the Audit Plan for 2018/19 are attached at Appendix A to this report - a full plan is available in the committee office and has been made available electronically for Members. The Auditors will commence their interim work from 18 March 2019 and this will be reported with the Final Accounts audit work (commencing 03 June 2019) as part of the annual Audit Results Report.

4 The proposed fee for 2018/19 is £14,337 which is lower than that charged in 2017/18 (£18,619). However, the proposed fee may not cover for the specific audit risks identified in section 2 (page 2) of the Plan which highlights potential risks that may impact upon the completion of the annual audit.

ENVIRONMENTAL IMPLICATIONS

5 There are no environmental implications arising directly from the recommendations in this report.

EQUALITY IMPLICATIONS

6 There are no equality implications arising directly from the recommendations in this report.

FINANCIAL IMPLICATIONS

7 The fee to be charged by the External Auditor in 2018/19 is £14,337 and is lower than that charged in 2017/18 (£18,619).

8 This fee estimate does not include for any additional costs resulting from the specific audit risks identified in section 2 of the Plan. Officers believe the existing budget for the External Audit should be sufficient unless a material additional risk arises and therefore impacts upon the standard fee. Members will be kept appraised of this during the Audit and any potential variation will be reported to this Committee and the Executive Committee as part of the regular revenue budget monitoring.

HUMAN RESOURCE IMPLICATIONS

9 There are no human resource implications arising directly from the recommendations in this report.

LEGAL IMPLICATIONS

10 There are no legal implications arising directly from the recommendations in this report.

RISK MANAGEMENT IMPLICATIONS

11 There are no risk management implications arising directly from the recommendations in this report although the audit plan does highlight financial statement risks that potentially could impact on the Audit and subsequently impact on the final fee.

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PREVIOUS COMMITTEE REPORTS

Audit Committee	AUD/93/18	External Auditor's Audit Results Report – 2017/18 Accounts	5 July 2018

APPENDIX ATTACHED

Appendix A	Sections 1, 2 and 3 of the Audit Plan 2018/19

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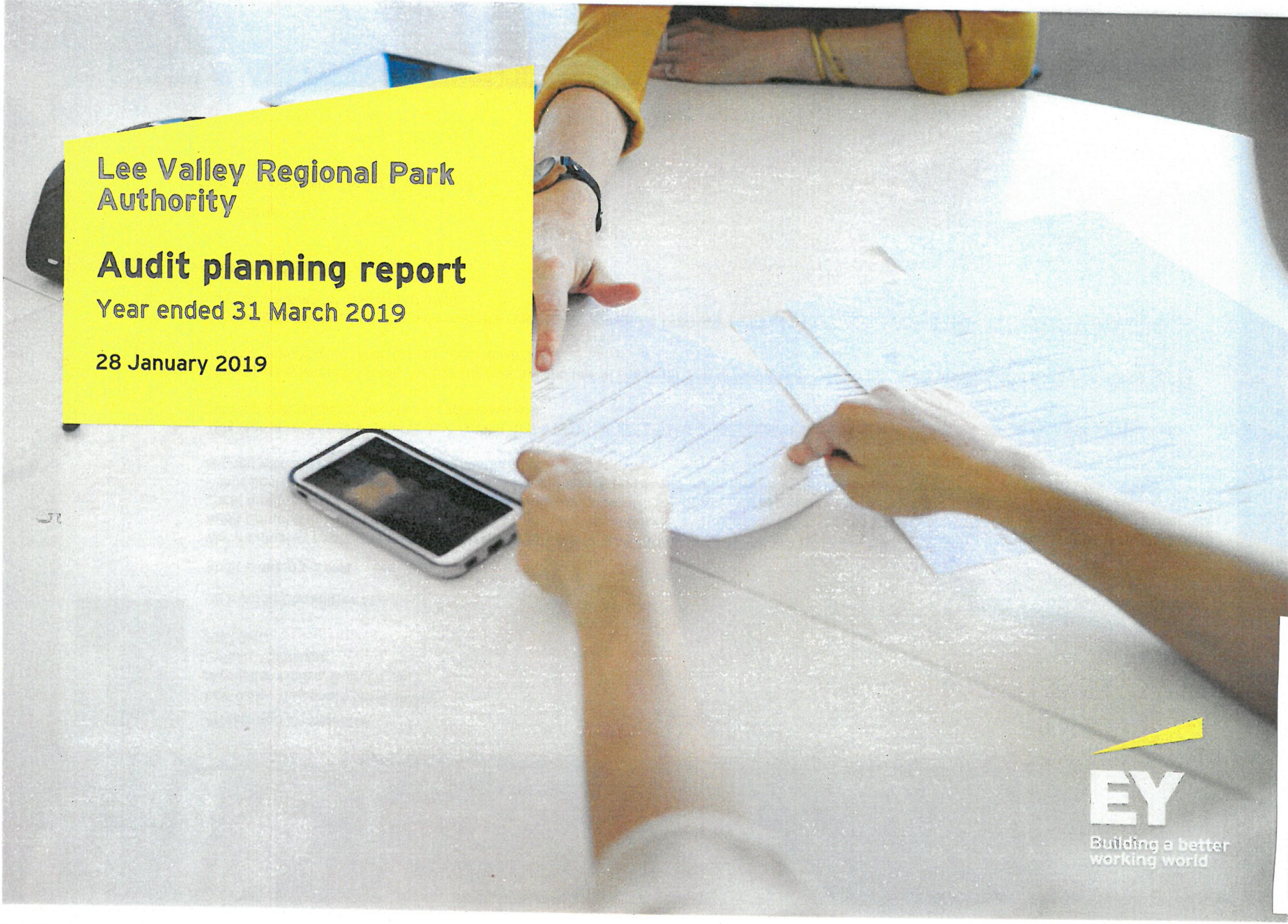
Appendix A to Paper AUD/96/19



Lee Valley Regional Park Authority

Audit planning report

Year ended 31 March 2019

28 January 2019

Private and Confidential

28 January 2019

Lee Valley Regional Park Authority,
Myddelton House, Bulls Cross,
Enfield, Middlesex
EN2 9HG

Dear Audit Committee Members

Audit planning report

We are pleased to attach our Audit Plan which sets out how we intend to carry out our responsibilities as auditor. Its purpose is to provide the Audit Committee with a basis to review our proposed audit approach and scope for the 2018/19 audit in accordance with the requirements of the Local Audit and Accountability Act 2014, the National Audit Office's 2015 Code of Audit Practice, the Statement of Responsibilities issued by Public Sector Audit Appointments (PSAA) Ltd, auditing standards and other professional requirements. It is also to ensure that our audit is aligned with the Committee's service expectations.

This plan summarises our initial assessment of the key risks driving the development of an effective audit for the Authority , and outlines our planned audit strategy in response to those risks.

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.

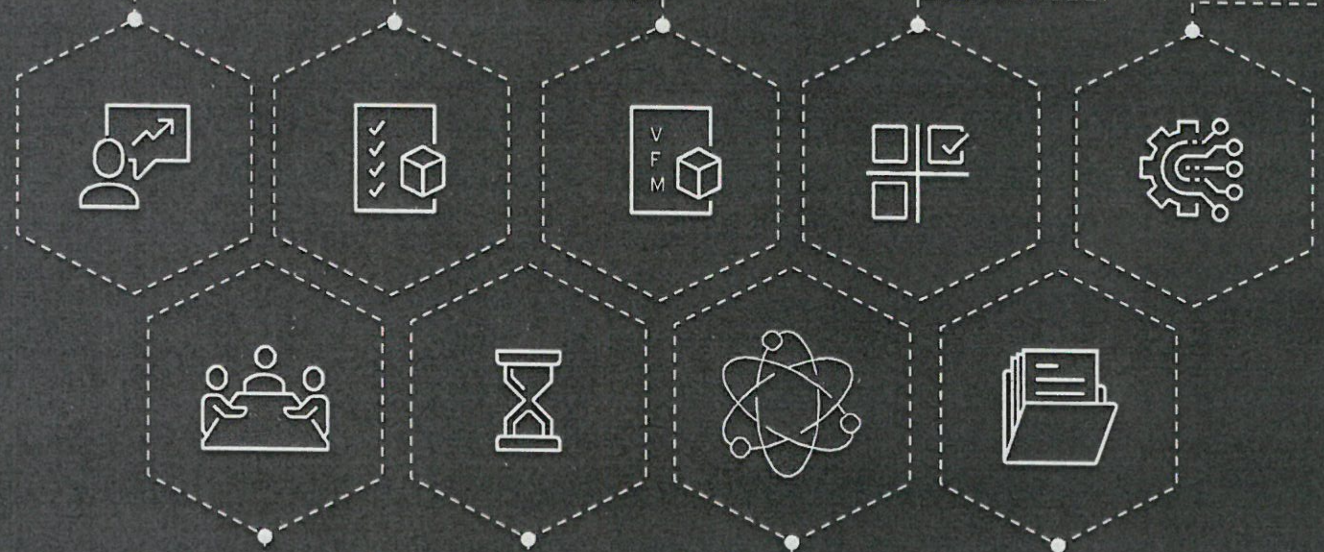
We welcome the opportunity to discuss this report with you on 14 February 2019 as well as understand whether there are other matters which you consider may influence our audit.

Yours faithfully

Neil Harris

For and on behalf of Ernst & Young LLP

Contents



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.psaa.co.uk/audit-quality/statement-of-responsibilities/).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 April 2018)" 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 Lee Valley Regional Park Authority in accordance with the statement of responsibilities. Our work has been undertaken so that we might state to the Audit Committee, and management of Lee Valley Regional Park Authority 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 Lee Valley Regional Park Authority 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 Overview of our 2018/19 audit strategy

Overview of our 2018/19 audit strategy

The following 'dashboard' summarises the significant accounting and auditing matters outlined in this report. It seeks to provide the Audit and Risk Committee with an overview of our initial risk identification for the upcoming audit and any changes in risks identified in the current year.

Audit risks and areas of focus

Risk / area of focus	Risk identified	Change from PY	Details
Misstatements due to fraud or error	Fraud risk	**No change**	As identified in ISA 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 would otherwise appear to be operating effectively.
Incorrect capitalisation of revenue expenditure	Fraud risk	**New area of focus**	Linking to our fraud risk above we have considered the capitalisation of revenue expenditure on property, plant and equipment as a separate risk, given the extent of the Authority 's capital programme.
Valuation of Property, plant and equipment (PPE)	Significant risk	**No change in risk of focus**	Property, plant and equipment (PPE) represents a significant balance of some £226 million in the Authority's accounts and are subject to valuation changes, impairment reviews and depreciation charges. Material judgemental inputs and estimation techniques are required to calculate the year-end PPE balances held in the balance sheet. As the outputs from the valuer are subject to estimation, there is a higher inherent risk PPE may be under/overstated or the associated accounting entries incorrectly posted.
Pension Valuation and Disclosures	Inherent risk	**No change in risk or focus**	The Local Authority Accounting Code of Practice and IAS19 require the Authority to make extensive disclosures within its financial statements regarding the Local Government Pension Scheme (LGPS) in which it is an admitted body. The Authority's current pension fund deficit is a highly material and sensitive item and the Code requires that this liability be disclosed on the Authority's balance sheet. The information disclosed is based on the IAS 19 report issued to the Authority by the actuary. As with other authorities, accounting for this scheme involves significant estimation and judgement and due to the nature, volume and size of the transactions we consider this to be an inherent risk.
New Accounting Standards	Inherent risk	**New risk identified this year.**	IFRS 9 (Financial Instruments) and IFRS 15 (Revenue from contracts) apply from 1 April 2018. We will assess the impact of these new standards to determine whether they have been appropriately implemented by the Authority .

Overview of our 2017/18 audit strategy

Materiality

Planning materiality

£4.742m

Performance materiality

£3.557m

Audit differences

£237k

Specific materiality

£396k

Planning materiality has been set at £4.74m (£4.7m in 17/18), which represents 2% of the prior year total non current assets. We have continued with our approach from prior year, where the basis on which we set materiality reflects the fact that the main focus of the users of the accounts has been assessed to be the Authority's stewardship of the assets, rather than the services provided, as services are now largely provided by the Leisure Trust. We have therefore based materiality on total non current assets rather than the gross cost of services.

Performance materiality has been set at £3.56m (£3.3m 17/18), which represents 75% of materiality.

We will report all audit differences, that are uncorrected, relating to the primary statements (comprehensive income and expenditure statement, balance sheet, movement in reserves statement, cash flow statement) greater than £237k (£220k in 17/18) to the Audit Committee. Other misstatements identified will be communicated to the extent that they merit the attention of the Audit Committee as Those Charged with Governance.

We have set specific a materiality of £0.396m (£0.358m in 1718) for those items in the Comprehensive Income and Expenditure Statement which impact on the levy. This includes income and expenditure in the net cost of services, financing and investment income and expenditure and non specific grant income. We have also set a specific materiality for officer remuneration disclosures, members allowances and exit packages. This reflects our understanding that an amount less than our above materiality, based on assets, would influence the economic decisions of users of the financial statements in relation to these items.

Overview of our 2017/18 audit strategy

Value for money conclusion

We have completed our value for money risk assessment against the overall criteria that: *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*

We have considered both the potential financial impact of the issues we have identified, and also the likelihood that the issue will be of interest to local taxpayers, the Government and other stakeholders. Our risk assessment at planning stage has identified two significant risks to our value for money conclusion. These are (1) Delivery of a robust Medium Term Financial Plan, and (2) Commercialisation decisions to generate income and maximise the return from assets

Audit scope

This Audit Plan covers the work that we plan to perform to provide you with:

- Our audit opinion on whether the financial statements of Lee Valley Regional Park Authority give a true and fair view of the financial position as at 31 March 2019 and of the income and expenditure for the year then ended; and
- Our conclusion on the Authority's arrangements to secure economy, efficiency and effectiveness.

We will also review and report to the National Audit Office (NAO), to the extent and in the form required by them, on the Authority's Whole of Government Accounts return.

Our audit will also include the mandatory procedures that we are required to perform in accordance with applicable laws and auditing standards. When planning the audit we take into account several key inputs:

- Strategic, operational and financial risks relevant to the financial statements;
- Developments in financial reporting and auditing standards;
- The quality of systems and processes;
- Changes in the business and regulatory environment; and,
- Management's views on all of the above.

By considering these inputs, our audit is focused on the areas that matter and our feedback is more likely to be relevant to the Authority.

Audit team

Our audit team.

Neil Harris - Associate Partner
Neil has over 25 years experience of Local Authorities, Pension Funds and their respective audits, and has been an Engagement Leader in EY for six years, having previously worked for the Audit Commission as a District Auditor between 2009 and 2012.

Justine Thorpe, Manager
Justine is a Manager within the UK&I Assurance practice, with over 20 years experience of UK LG audits. She is a member of CIPFA (Chartered Institute of Public Accountancy) and will be the key contact for your Finance Team.


02
Audit risks

Audit risks

Our response to significant risks

We have set out the significant risks (including fraud risks denoted by*) identified for the current year audit along with the rationale and expected audit approach. The risks identified below may change to reflect any significant findings or subsequent issues we identify during the audit.

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.

For local authorities, the potential for the incorrect classification of revenue spend as capital is a particular area where there is a risk of fraud in revenue recognition. We will undertake specific testing to address this risk.

Financial statement impact

Misstatements that occur in relation to the risk of fraud in revenue and expenditure recognition could affect the classification of revenue spend as capital and the Income and expenditure accounts.

What will we do?

Our approach will focus on:

- testing the appropriateness of journal entries recorded in the general ledger and other adjustments made in the preparation of the financial statements;
- reviewing accounting estimates for evidence of management bias;
- evaluating the business rationale for significant unusual transactions; and
- review capital expenditure on property, plant and equipment to ensure it meets the relevant accounting requirements to be capitalised.

Our response to significant risks (continued)

Incorrect capitalisation of revenue expenditure*

What is the risk?

Linking to our risk of misstatements due to fraud and error above, we have considered the capitalisation of revenue expenditure on property, plant and equipment as a specific area of risk given the extent of the Council's capital programme which is significant for 2018/19.

What will we do?

Should capital expenditure be material to the financial statements, we will undertake additional procedures to address the specific risk we have identified, which will include:

- Sample testing additions to property, plant and equipment to ensure that they have been correctly classified as capital and included at the correct value in order to identify any revenue items that have been inappropriately capitalised.

Our response to significant risks

Valuation of Property, plant and equipment (PPE)

Financial statement impact

We focused on aspects of the land and buildings and Investment Property valuation which could have a material impact on the financial statements, primarily:
- significant changes in the asset base;
- the assumptions and estimates used to calculate the valuation; and
- changes to the basis for valuing the assets.

What is the risk?

Property, plant and equipment (PPE) and investment property (IP) represent significant balances in the Authority's accounts and are subject to valuation changes, impairment reviews and/or depreciation charges. The PPE and IP values in the Balance Sheet are shown below:

Asset type	Value at 31 March 3018 (£m)
PPE:	
• Land and buildings	185.95
• Vehicles, plant and equipment	3.864
• Infrastructure	2.062
• Community assets	34.464
Total PPE	226.34
Total IP	5.176

Given the size of the Authority's portfolio, significant judgemental inputs and estimation techniques are required to calculate the year-end asset values held in the balance sheet.

As the Authority's asset base is significant, and the outputs from the valuer are subject to estimation, there is a higher inherent risk individual asset values may be under or overstated or the associated accounting entries incorrectly posted. ISAs (UK and Ireland) 500 and 540 require us to undertake procedures on the use of experts and assumptions underlying estimates. We will consider engaging experts from our EY Real Estates team to support us on reviewing the assumptions underpinning the valuation of any harder to value specialist assets.

What will we do?

Our approach will focus on:

- considering the work performed by the Authority's valuers, including the adequacy of the scope of the work performed, their professional capabilities and the results of their work;
- sample testing key asset information and assumptions used by the valuers in performing their valuation (e.g. floor plans to support valuations based on price per square metre);
- considering 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 and annually for IP. We also considered if there are any specific changes to assets that have occurred and that these have been communicated to the valuer;
- reviewing assets not subject to valuation in 2018/19 to confirm that the remaining asset base is not materially misstated;
- considered there have been no significant changes to useful economic lives as a result of the most recent valuation; and
- testing accounting entries have been correctly processed in the financial statements

Other areas of audit focus

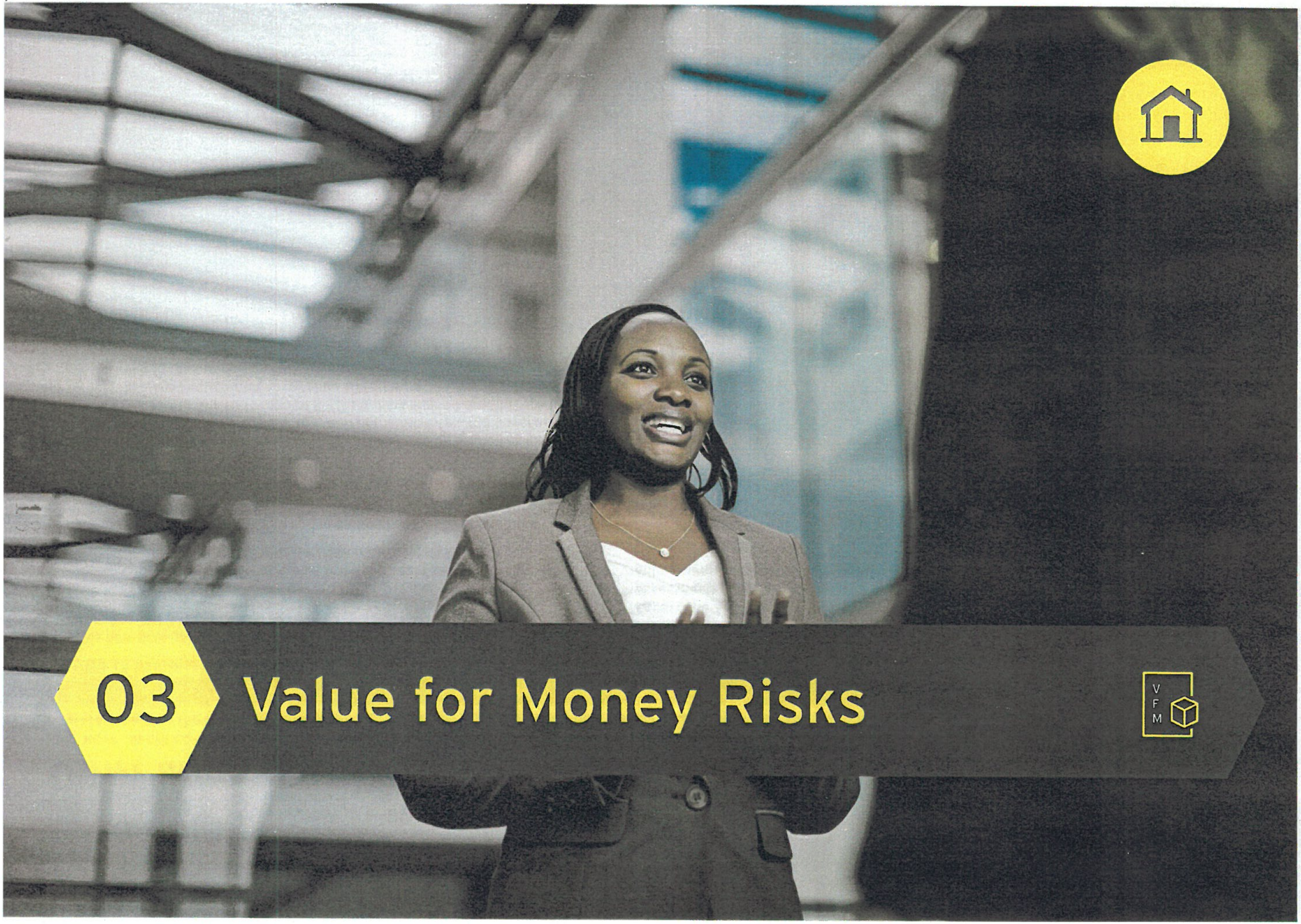
We have identified other areas of the audit, that have not been classified as significant risks, but are still important when considering the risks of material misstatement to the financial statements and disclosures and therefore may be key audit matters we will include in our audit report.

What is the risk/area of focus?	What will we do?
<u>Pension Liability Valuation - inherent risk</u> The Local Authority Accounting Code of Practice and IAS19 require the Authority to make extensive disclosures within its financial statements regarding its membership of the Local Government Pension Scheme administered by the London Pension Fund Authority. The Authority's pension fund deficit is a material estimated balance and the Code requires that this liability be disclosed on the Authority's balance sheet. At 31 March 2018 this totalled £29.9 million. The information disclosed is based on the IAS 19 report issued to the Authority by the actuary to the London Pension Fund Authority. Accounting for this scheme involves significant estimation and judgement. ISAs 500 and 540 require us to undertake procedures on the use of management experts and the assumptions underlying fair value estimates.	We will: ▸ Liaise with the auditors of London Pension Fund Authority, to obtain assurances over the information supplied to the actuary in relation to Lee Valley Regional Park Authority; ▸ Assess the work of the Pension Fund actuary (Barnett Waddingham) 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 considering any relevant reviews by the EY actuarial team; and ▸ Review and test the accounting entries and disclosures made within the Authority's financial statements in relation to IAS19.
<u>**IFRS 9 financial instruments - inherent risk**</u> This new accounting standard is applicable for local authority accounts from the 2018/19 financial year and will change: ▸ How financial assets are classified and measured; ▸ How the impairment of financial assets are calculated; and ▸ The disclosure requirements for financial assets. There are transitional arrangements within the standard; and the 2018/19 CIPFA Code of practice on local authority accounting provides guidance on the application of IFRS 9. However, until the Guidance Notes are issued and any statutory overrides are confirmed there remains some uncertainty on the accounting treatment.	We will: ▸ Assess the Authority 's implementation arrangements that should include an impact assessment paper setting out the application of the new standard, transitional adjustments and planned accounting for 2018/19; ▸ Consider the classification and valuation of financial instrument assets; ▸ Review new expected credit loss model impairment calculations for assets; and ▸ Check additional disclosure requirements.

Other areas of audit focus

We have identified other areas of the audit, that have not been classified as significant risks, but are still important when considering the risks of material misstatement to the financial statements and disclosures and therefore may be key audit matters we will include in our audit report.

What is the risk/area of focus?	What will we do?
IFRS 15 Revenue from contracts with customers - inherent risk This new accounting standard is applicable for local authority accounts from the 2018/19 financial year. 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. The 2018/19 CIPFA Code of practice on local authority accounting provides guidance on the application of IFRS 15 and includes a useful flow diagram and commentary on the main sources of LG revenue and how they should be recognised. The impact on local authority accounting is likely to be limited as large revenue streams like Authority tax, non domestic rates and government grants will be outside the scope of IFRS 15. However where that standard is relevant, the recognition of revenue will change and new disclosure requirements introduced.	We will: ▸ Assess the Authority 's implementation arrangements that should include an impact assessment paper setting out the application of the new standard, transitional adjustments and planned accounting for 2018/19. ▸ Consider application to the Authority 's revenue streams, and where the standard is relevant test to ensure revenue is recognised when (or as) it satisfies a performance obligation; and ▸ Check additional disclosure requirements.


03
Value for Money Risks
VFM

Value for Money

Background

We are required to consider whether the Authority 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.

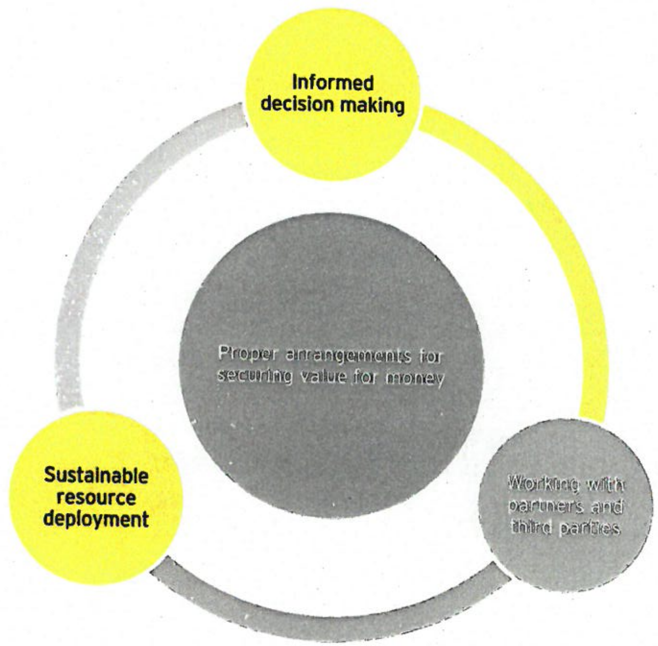
In considering your proper arrangements, we will draw on the requirements of the CIPFA/SOLACE framework for local government to ensure that our assessment is made against a framework that you are already required to have in place and to report on through documents such as your annual governance statement.

We are only required to determine whether there are any risks that we consider significant, which the Code of Audit Practice defines 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 sufficient work to enable us to deliver a safe conclusion on arrangements to secure value for money and enables us to determine the nature and extent of further work that may be required. If we do not identify any significant risks there is no requirement to carry out further work. We consider business and operational risks insofar as they relate to proper arrangements at both sector and organisation-specific level. In 2018/19 this has included consideration of the steps taken by the Authority to consider the impact of Brexit on its future service provision, medium-term financing and investment values. Although the precise impact cannot yet be modelled, we anticipate that Authorities will be carrying out scenario planning and that Brexit and its impact will feature on operational risk registers.

Our risk assessment has therefore considered both the potential financial impact of the issues we have identified, and also the likelihood that the issue will be of interest to local taxpayers, the Government and other stakeholders. This has resulted in the identification of the two following significant risks noted on the following pages which we view as relevant to our value for money conclusion:

- Delivery of a robust Medium Term Financial Plan
- Commercialisation decisions to generate income and maximise the return from assets



Value for Money Risks

What is the significant value for money risk?	What arrangements does the risk affect?	What will we do?

Delivery of a robust Medium Term Financial Plan

In the Authority's Medium Term Financial Plan (MTFP), reported to the Authority in January 2019, the Authority's balanced budget for 2018/19 includes the use of reserves of £302k for the 2018/19 financial year, as shown below. Reserves are forecast to be at £3.9 million at 31 March 2019, despite the Authority setting its minimum level of reserves at £4 million in January 2019.

	2018/19 (£000)	2019/20 (£000)	2020/21 (£000)	2021/22 (£000)	2022/23 (£000)
Projected budget	9,878	9,548	9,182	9,244	9,288
Proposed levy	(9,576)	(9,576)	(9,576)	(9,001)	(8,371)
Budget deficit / surplus	302	28	394	243	917
Savings	0	2	204	364	779
Revised budget	302	30	598	121	138
Reserves c/f	**3,897**	**3,927**	**4,525**	**4,646**	**4,509**

As the MTFP shows, the Authority has medium term plans in place to improve the Authority's financial sustainability and increase reserves to £4.5 million by the end of 2022/23, whilst also further reducing the reliance on the levy. The Authority's funding strategy includes:

1. Developing new income streams
2. Making efficiency savings
3. Maximising the return from its assets

We will review the robustness of the Authority's medium term financial planning and proposed funding strategy for its prudence and sustainability, affordability and practicality. We will also review the Authority's Capital Funding model and the impact of borrowing, if any, on the MTFP.

What arrangements does the risk affect?

Deploy resources in a sustainable manner

What will we do?

We will:

- assess the key assumptions made within the annual budget and the MTFP;
- review the progress made in identifying savings for 2019/20 and beyond;
- comment on the extent of borrowing for investments and borrowing overall;
- review the funding strategy for realistic income targets.
- review the Authority's Capital Funding model and the impact of borrowing, if any, on the MTFP.

Value for Money Risks

What is the significant value for money risk?	What arrangements does the risk affect?	What will we do?
Commercialisation decisions to generate income and maximise the return from assets		
Whilst the nature of the Lee Valley Regional Park means that it requires some local authority funding, the Park is now recognised on the international stage and therefore the Authority aims to generate funding from new income streams and maximising its return from its Olympic legacy assets and its property portfolio. The Authority has plans to develop commercial and investment opportunities to increase its annual income targets so that it reduce its reliance on the levy from local Authorities. It is also moving from a service provider to more of an enabling organisation as it continues to develop new operation models for its services. A key development has been to outsource its sporting venues and some business support services in a five year contract to improve economy, efficiency and effectiveness. Major business developments currently underway are: • Development of the Lee Valley Ice Centre (circa £38 million project); • Picketts Lock Development (circa £40 million project), whereby LVRPA are the enabler and a third party takes on the financial risk; • Leisure Services Contract retender (circa £20 million); • Optimisation of assets through purchases and disposals identified by the Authority's Land and Property Strategy Working Group. We will review the Authority's Corporate Land and Property Strategy, adopted by the Authority in January 2017, and how this drives the Authority's approach to setting of service objectives, business planning and the proper stewardship of assets and the delivery of value for money. There are risks around the uncertainties of the timing of some of the income generation projects.	Informed decision making Working with third parties	We will review the: • underlying rationale for the proposed investments and clarity on how this sits with the Authority's strategy and objectives, including the consideration of options and alternatives; • legal powers and other advice obtained e.g. tax, investment decisions; • compliance with sections 46 and 47 of Statutory Guidance on Local Authority Investments and the Prudential Code; • clarity of governance arrangements for the Authority's decision making with regard to their regeneration and investment property decisions; • recognition and reporting of risks in the Corporate risk register; • robustness of assumptions from commercial developments in the Authority budget and medium term financial strategy; and • Authority's business planning process for undertaking commercial projects.

21

04 Audit materiality