



**7 URGENT BUSINESS**

Such other business as in the opinion of the Chairman of the meeting is of sufficient urgency by reason of special circumstances to warrant consideration.

**8 EXEMPT ITEMS**

Consider passing a resolution based on the principles of Section 100A(4) of the Local Government Act 1972, excluding the public and press from the meeting for the items of business listed on Part II of the Agenda, on the grounds that they involve the likely disclosure of exempt information as defined in those sections of Part I of Schedule 12A of the Act specified beneath each item. (There are no items currently listed for consideration in Part II.)

**11 September 2019**

**Shaun Dawson  
Chief Executive**



**of the Audit Committee and emailed to Members of the Audit Committee and will be signed off by the Director of Finance & Resources by 31 July 2019 was approved.**

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**Chairman**

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**Date**

**The meeting started at 3.47pm and ended at 4.03pm.**

**EXTERNAL AUDITORS' ANNUAL RESULTS REPORT –  
2018/19 ACCOUNTS**

Presented by the Director of Finance & Resources

**SUMMARY**

Members of the Audit Committee considered the unaudited financial statements (Paper AUD/103/19) at the July Committee. This paper presents the external auditors' report to Members - the Audit Results Report following conclusion of the 2018/19 audit of the Authority's Financial Accounts.

The Audit Results Report is set out in Appendix A to this report. Subject to the satisfactory resolution of one outstanding item as set out in the executive summary the auditors expect to give an unqualified opinion. Paragraph 9 of this report highlights the auditor's intention to request a variation to the base fee of £14,337 with the reasons for variation set out in the Audit Results Report at Appendix A to this report. Officers have set out why this is not acceptable to the Authority and will write to Public Sector Audit Appointments to oppose any variation. Neil Harris (Director), will be at the meeting to present his report and answer questions as required.

Members will recall that Ernst & Young were appointed as the Authority's external auditor for five years from 2018/19 to 2022/23.

**RECOMMENDATION**

Members Note (1) the 2018/19 External Auditors' Audit Results Report for the Authority set out in Appendix A to this report.

**BACKGROUND**

1 The role of the external auditor is to provide an independent assessment of how the Authority is discharging its responsibility for the stewardship of public money, an audit opinion upon the Authority's financial statements as well as giving a view on proper arrangements within the Authority for securing economy, efficiency and effectiveness in the use of resources. The auditors' conclusions are reported in their Audit Results Report (ARR) which summarises their work and recommendations.

## **AUDIT RESULTS REPORT 2018/19**

- 2 The draft ARR for 2018/19 was received on 9 September 2019 and is attached as Appendix A to this report. The auditors will take Members through their report. The auditors expect to give an unqualified opinion on the financial statements and conclude that appropriate arrangements are in place in relation to the value for money conclusion.
- 3 Members should note that within the auditor's report they have estimated the potential impact of the McCloud judgment and the Guaranteed Minimum Pension (GMP) on the net pension liability (£811k). The auditor notes that this falls below their tolerable error and audit materiality levels. This has not been adjusted in the balance sheet.

The reasons for non-adjustment are that IAS19 requires the Authority to place a best estimate value on liabilities and costs. Given the current uncertainty about the range of potential remedies in relation to the McCloud judgment, the best estimate is almost impossible to define and would require some judgement. In the view of our actuary the remedy carried out may be different from assumptions being made and therefore the impact on the liabilities and service cost may be significantly different than that estimated.

The Local Pension Partnership have also advised that their assumption for increases on GMP is that full pension increases on the GMP element of a member's pension are paid for by the Fund and therefore they don't expect the liabilities shown in their report to be affected by the outcome of the Indexation and equalisation of GMP in the public service pension schemes consultation. The Lloyds ruling does not currently affect the Local Government Pension Scheme and therefore they believe there isn't any reason or evidence to take any further action relating to GMP equalisation at this stage.

- 4 The comments made by the auditor should be viewed in the context of the whole internal control framework. The Authority has robust systems of control verified by Mazars (the Authority's internal auditors) who review the Authority's core systems. In all cases a full/substantial assurance was reported to Members in June this year (paper AUD/98/19) for the core systems.
- 5 Further assurance is derived from the External Auditor who has carried out full substantive testing to address the risks identified in their Audit Plan and they have gained the required assurance to mitigate against a material misstatement in the Authority's financial statements.
- 6 Currently there are no further matters to report.

## **ENVIRONMENTAL IMPLICATIONS**

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

## **EQUALITY IMPLICATIONS**

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

## **FINANCIAL IMPLICATIONS**

- 9 Page 32 of the ARR sets out the auditor's fee for completion of their work which is set at £14,337. The auditor will be requesting a variation to this fee based upon the items set out in his note to the fee analysis. Members will need to consider this and what if any representations they wish to make to Public Sector Audit Appointments (PSAA) regarding any variation to the fee. Points for Members to consider are:
- the length of time (and delay) taken in delivering the Audit that caused significant additional work for Authority staff through lack of continuity and repeat queries. The Authority would view this as an area that Ernst & Young should take full responsibility for and recognise ahead of claiming additional fees – (this is no reflection on the individuals who subsequently delivered the audit) but a critical assessment from the Authority's perspective of Ernst & Young's ability to plan and deploy sufficient resources in a timely manner for the audit contract with ourselves and other authorities generally;
  - the involvement of Ernst & Young Real Estates resulted in some repeat queries that were disclosed in previous years; additional costs incurred to the Authority as our appointed surveyors continued to respond to ongoing and intermittent queries (probably due to the resources point above) up to the end of August;
  - the McCloud judgment estimate came at a direct cost to the Authority;
  - new accounting requirements, risks identified and resolving, documenting and reporting errors within the financial statements would seem to be one of the purposes of an Annual Audit and not something that should be wrapped up in additional fees unless the volume and complexity of such errors were so significant and beyond the norm that a reasonable person would expect.
- 10 If Members accept the ARR then the Director of Finance & Resources and the Audit Committee Chairman will be required to sign off the accounts and the Letter of Representation set out at Appendix B to this report.
- 11 A full set of audited accounts will be published on the Authority's website when the Audit Director issues his formal opinion and the accounts are signed off.

## **HUMAN RESOURCE IMPLICATIONS**

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

## **LEGAL IMPLICATIONS**

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

## **RISK MANAGEMENT IMPLICATIONS**

- 14 There are no risk implications arising directly from the recommendations in this report.

Author: Simon Sheldon, 01992 709 859, ssheldon@leevalleypark.org.uk

## **BACKGROUND REPORTS**

Final Accounts (Electronic) Working Files

June 2019

## **APPENDICES ATTACHED**

Appendix A Audit Results Report (2018/19 accounts)

Appendix B draft Letter of Representation

## **PREVIOUS COMMITTEE REPORTS**

Audit Committee	AUD/103/19	Unaudited Accounts 2018/19	04 July 2019
Audit Committee	AUD/98/19	Annual Report on the Work of Internal Audit 2017/18 & Audit Plan 2018/19	20 June 2019
Audit Committee	AUD/96/19	External Audit 2018/19 – Audit Plan	14 February 2019

## **LIST OF ABBREVIATIONS**

ARR Audit Results Report

GMP Guaranteed Minimum Pension

PSAA Public Sector Audit Appointments



**Lee Valley Regional Park  
Authority  
Audit results report**

**Year ended 31 March 2019**

**19 September 2019**

**EY**

Building a better  
working world



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

9 September 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 audit conclusion in relation to the audit of Lee Valley Regional Park Authority (the Authority) for 2018/19. We will issue our final audit opinion following the Committee meeting on 19 September 2019.

Subject to the conclusion of one outstanding area of work, our audit is now completed. We plan to issue an unqualified audit opinion on the financial statements in the form at Section 4 of this report. We 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 which has run smoothly and has been founded on excellent cooperation. Particularly so as we delayed the start of the audit to July 2019 following our resource constraints resulting from overrunning Major Local Audits.

We welcome the opportunity to discuss the contents of this report with you at the Audit Committee meeting on 19 September 2019.

Yours faithfully

Neil Harris

Associate Partner

For and on behalf of Ernst & Young LLP

# Contents

01 Executive Summary	02 Areas of Audit Focus	03 Audit Report	04 Audit Differences	05 Value for Money
06 Other reporting issues	07 Assessment of Control Environment	08 Data Analytics	09 Independence	10 Appendices

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.psaal.co.uk](http://www.psaal.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 report is prepared in the context of the Statement of responsibilities. 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 plan presented at the 14 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, with the following exceptions:

- Changes in materiality – We updated our planning materiality assessment using the draft statement of accounts and have also reconsidered our risk assessment. Based on our materiality measure of 2% of gross expenditure on provision of services, we have updated our overall materiality assessment to £4.726 million (audit plan – £4.742 million). This results in updated performance materiality, at 75% of overall materiality, of £3.544 million, and an updated threshold for reporting misstatements of £236k.
- Since February 2019, we have not identified any new significant risks.

### Status of the audit

With the exception of one item, we have completed our audit of the Authority's financial statements for the year ended 31 March 2019 and have performed the procedures outlined in our audit plan. We plan to issue an unqualified opinion on the Authority's financial statements in the form which appears at Section 4. However until work is complete, further amendments may arise:

- Completion of remaining procedures on Contract Register.
- Review of the final version of the financial statements
- Completion of our final review processes
- Completion of subsequent events review
- Receipt of the signed management representation letter.

### Audit differences

We have identified reclassification audit differences of £3.6million which have been adjusted by management. Details can be found in Section 4 Audit Differences. We also identified one unadjusted audit difference in the draft financial statements which management has chosen not to adjust. This issue is in common with other local, police and fire authorities, however the Authority has decided to not make any changes to the draft accounts in relation to the impact on its net pension liability from judgements associated with McCloud (age discrimination) and Guaranteed Minimum Pensions equalisation (GMP equalisation of past service costs for males and females). The estimated impact of both judgements is an increase of £81.1k to the Authority's net pension liability. We recommend that the Authority adjusts the final version of the financial statements or if not provides a rationale as to why they are not corrected be approved by the Audit Committee and included in the Letter of Representation.

# Executive Summary

## Areas of audit focus

Our audit plan identified key areas of focus for our audit of the Authority's financial statements. We summarise below our latest findings.

Area of audit focus	Findings & conclusions
Valuation of other land & buildings & investment properties	We have completed our work in relation to the valuation of PPE. We have engaged our EY Real Estates team to test a sample of assets. We have no significant matters to report.
Pension liabilities	We have completed our testing and identified unadjusted misstatements below our performance materiality for the impact of McCloud and GMP judgements.
Implementation of new accounting standards - IFRS 9 and 15.	We have considered management's impact assessment and are satisfied that the Authority has implemented the new standards appropriately.

This report sets out our observations and conclusions on the above matters, and any others identified, in the "Areas of Audit Focus" 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; and
- You agree with the resolution of the issues; and 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 your attention.

## Control observations

We have adopted a fully substantive approach, so have not tested the operation of controls. During the audit we did not identify any control weaknesses as a result of our work performed.

## Value for money

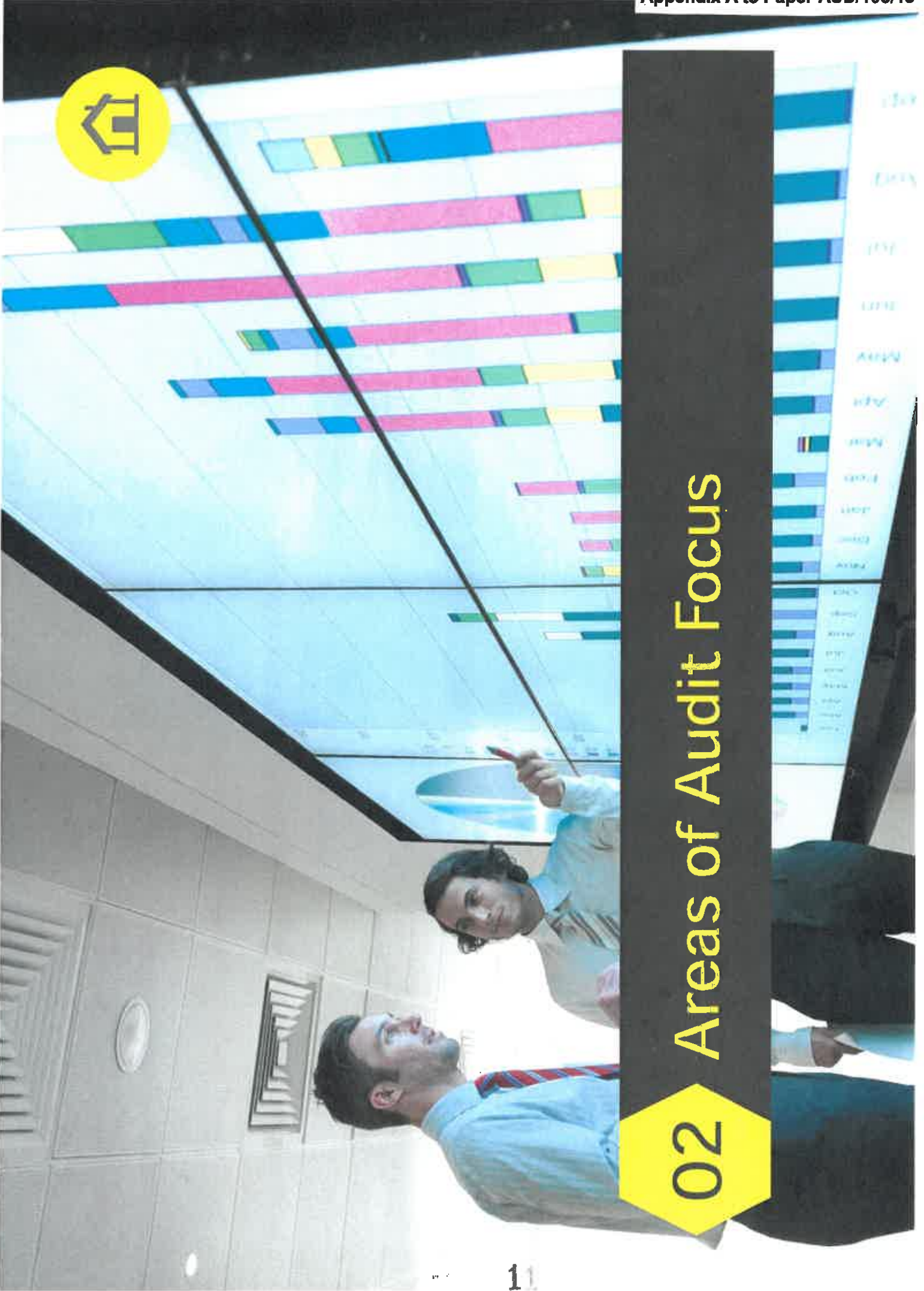
We have considered your arrangements to take informed decisions; deploy resources in a sustainable manner; and work with partners and other third parties. We have no matters to report about your arrangements to secure economy efficiency and effectiveness in your use of resources.

## Other reporting issues

We have reviewed the information presented in the 4 July 2019 version of the Annual Governance Statement for consistency with our knowledge of the Authority. We have no matters to report as a result of this work.

## Independence

We have no matters relating to our Independence to bring to your attention. Section 10 includes our update.



# 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 to 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.

##### What judgements are we focused on?

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 did we do?

Our approach focused 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.

##### What are our conclusions?

We have not identified any material weaknesses in controls or evidence of material management override.  
We have not identified any instances of inappropriate judgements being applied.

We did not identify any other transactions during our audit which appeared unusual or outside the Authority's normal course of business





## Areas of Audit Focus

### Significant risk

#### Incorrect capitalisation of revenue expenditure

##### 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.

##### What judgements are we focused on?

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 are our conclusions?

We have not identified any material weaknesses in controls or evidence of incorrect capitalisation of revenue expenditure.

We have not identified any instances of inappropriate judgements being applied.

Our sample testing of capital additions to a lower testing threshold has not identified any instances of incorrect capitalisation of revenue expenditure:

##### What did we do?

We undertook additional procedures to address the specific risk we have identified, which included:

- 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.





## Areas of Audit Focus

# Significant risk

### Valuation of Property, plant and equipment (PPE)

#### 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.

#### What are our conclusions?

We have completed our planned audit procedures. We specifically engaged our real estate team to support us in the review of the valuation assumptions and methodology for:

- White Water Centre - £21.48million.
- Velo Park - £91.235million.
- Athletics Centre - £18.835million.
- Hockey Centre and Tennis Court - £22.125million.

We identified no significant concerns with the valuer's methodology and value for each asset was within an acceptable range.

The Authority has reclassified £3.6million of assets held for sale to other land of buildings as we concluded that these assets did not meet the definition of assets held for sale as at 31<sup>st</sup> March 2019.

We have no other matters to report from the completion of our audit procedures.

#### What judgements are we focused on?

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 did we do?

Our approach focussed 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

## Areas of Audit Focus

### Pension Liability Valuation

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 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. The information disclosed is based on the IAS 19 report issued to the Authority by the actuary to the London Pension Fund.

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

Our approach has focused on:

- Liaising 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;
- Assessing 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.

The Authority's pension disclosures have not been updated to reflect a national issue relating to legal rulings regarding age discrimination arising from public sector pension scheme transitional arrangements, commonly described as the McCloud ruling in addition to the impact of the Guaranteed Minimum Pension (GMP) arrangements. On 27 June the Government lost its appeal against the original McCloud judgement that these pension arrangements were discriminatory. As a result, the Authority requested the pension fund actuary to estimate the impact of the McCloud and GMP rulings on the value of its pension fund liabilities. We have corroborated the assumptions reported to the Authority by its actuary. We also conclude that the legal rulings have given rise to a constructive obligation as a result of a past event. We have accepted that the Authority's estimate of the increase in the net pension liability of £81.1k for both rulings is within a reasonable range. However, the Authority have not updated the financial statements to recognise the impact from McCloud and GMP. We have therefore reported an uncorrected misstatement and ask management and those charged with governance to confirm the rationale for not amending the financial statements and include this explanation in the letter of representations.

# Areas of Audit Focus



## Other Areas of Audit Focus – New accounting standards

The Code requires the Authority to comply with the requirements of two new accounting standards for 2018/19 and make preparations for another new standard for 2020/21. These standards are:

- IFRS 9 – Financial instruments
- IFRS 15 – Revenue from contracts
- IFRS 16 – Leases

There is an inherent risk in relation to implementing new accounting standards and carrying out a sufficient assessment and evaluation.

Standard	Audit Findings
IFRS 9 – Financial Instruments	Our audit procedures for financial instruments did not identify any audit issues.
IFRS 15 – Revenue from Contracts	Our audit procedures for revenue from contracts did not identify any audit issues.
IFRS 16 – Leases	IFRS 16 replaces IAS 17 Leases and its related interpretations, it will apply to the 2020/21 financial statements. 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. We have considered the Authority's implementation plan and preparedness for IFRS 16. The Authority have already considered their completeness of leases and identifying those that may require reclassifying. We therefore believe the Authority is well placed to address the implications of IFRS 16.

In addition, changes have been made to the CIPFA/LAASAC Code for 2019/20, as noted below:

- The revised IASB Conceptual Framework for Financial Reporting (Conceptual Framework), the main elements being (2019/20 Code Cpt 2.1 refers);
  - new definitions of assets, liabilities, income and expenses
  - updates for the inclusion of the recognition process and criteria and new provisions on de-recognition
  - enhanced guidance on measurement bases
- Guidance in the treatment of the Apprenticeship Levy (2019/20 Code Cpt 2.11 refers)
- Updated guidance on IFRS 9 Financial Instruments: Prepayment Features with Negative Compensation & LOBOs (2019/20 Code Cpt 2.11 refers)
- Clarifications for the disclosure requirements with respect to interests in entities within the scope of IFRS 5 Non-current Assets Held for Sale and Discontinued Operations (2019/20 Code Cpt 9 refers).



**03** Audit Report



# Audit Report

Our draft opinion on the financial statements

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LEE VALLEY REGIONAL PARK AUTHORITY

### Opinion

We have audited the financial statements of Lee Valley Regional Park Authority 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, the related notes 1 to 41, and the Statement of Accounting Policies.

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 Lee Valley Regional Park Authority 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) AGN01, 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 Director of Finance and Resources' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or the Director of Finance and 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

## Our draft opinion on the financial statements

### Other information

The other information comprises the information included in the Statement of Accounts 2018/19 set out on pages 3 to 8 other than the financial statements and our auditor's report thereon. The Director of Finances and 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

In our opinion, based on the work undertaken in the course of the audit, having regard to the guidance issued by the C&AG in November 2017, we are satisfied that, in all significant respects, Lee Valley Regional Park Authority, 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 Authority;
- 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.

We have nothing to report in these respects.



# Audit Report

## Our draft opinion on the financial statements

### Responsibility of the Director of Finance and Resources

As explained more fully in the Statement of Responsibilities set out on page 4, the Director of Finance and 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 Director of Finance and 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 Lee Valley Regional Park Authority 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 Lee Valley Regional Park Authority put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2019.





# Audit Report

## Our draft opinion on the financial statements

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, Lee Valley Regional Park Authority had put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

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 the Lee Valley Regional Park Authority 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

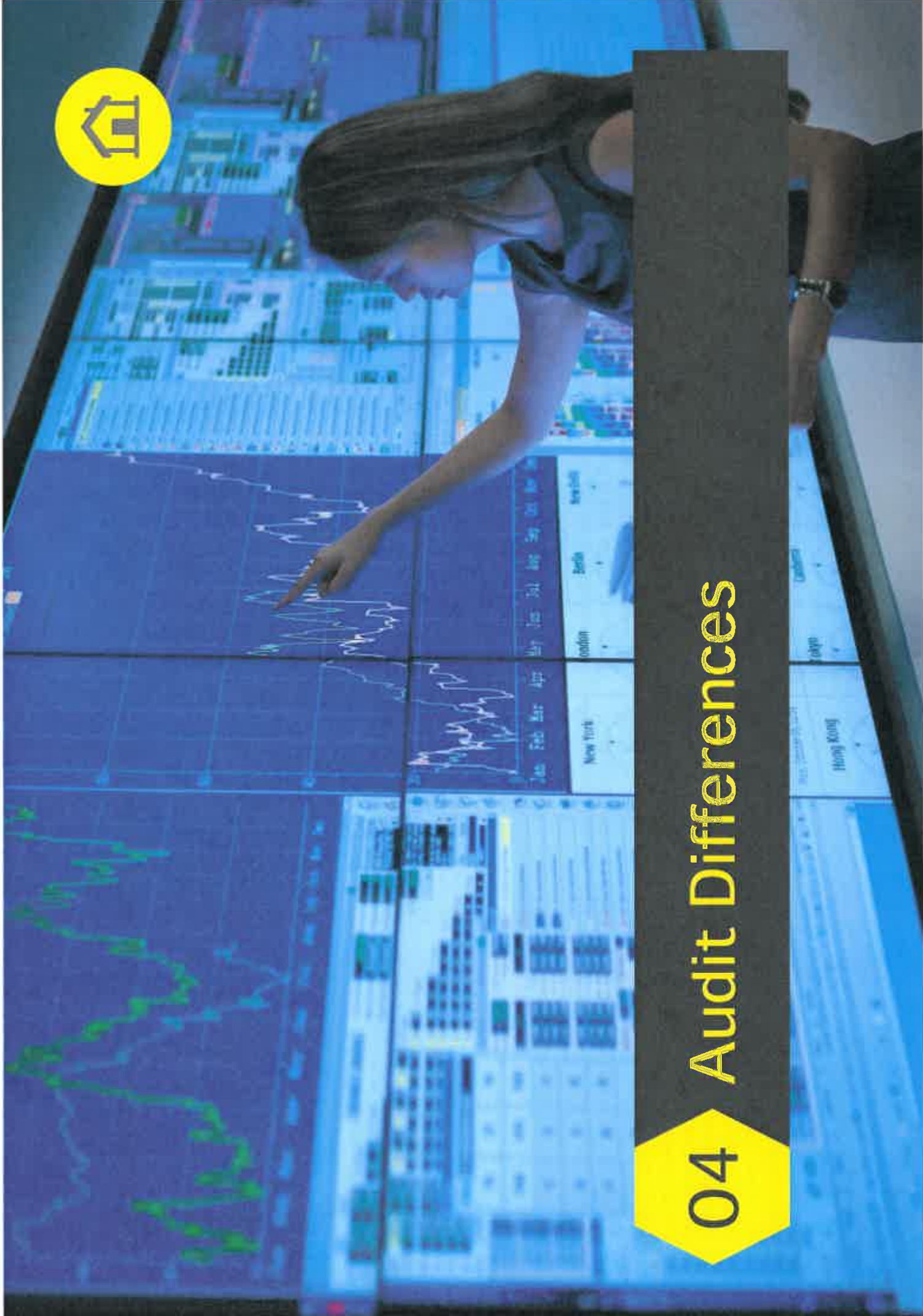
This report is made solely to the members of Lee Valley Regional Park Authority, as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014 and for no other purpose, as set out in paragraph 43 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Authority and the Authority's members as a body, for our audit work, for this report, or for the opinions we have formed.

Neil Harris (Key Audit Partner)  
Ernst & Young LLP (Local Auditor)  
Luton  
Xx September 2019

The maintenance and integrity of the Lee Valley Regional Park Authority's 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.



# 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 and unadjusted differences

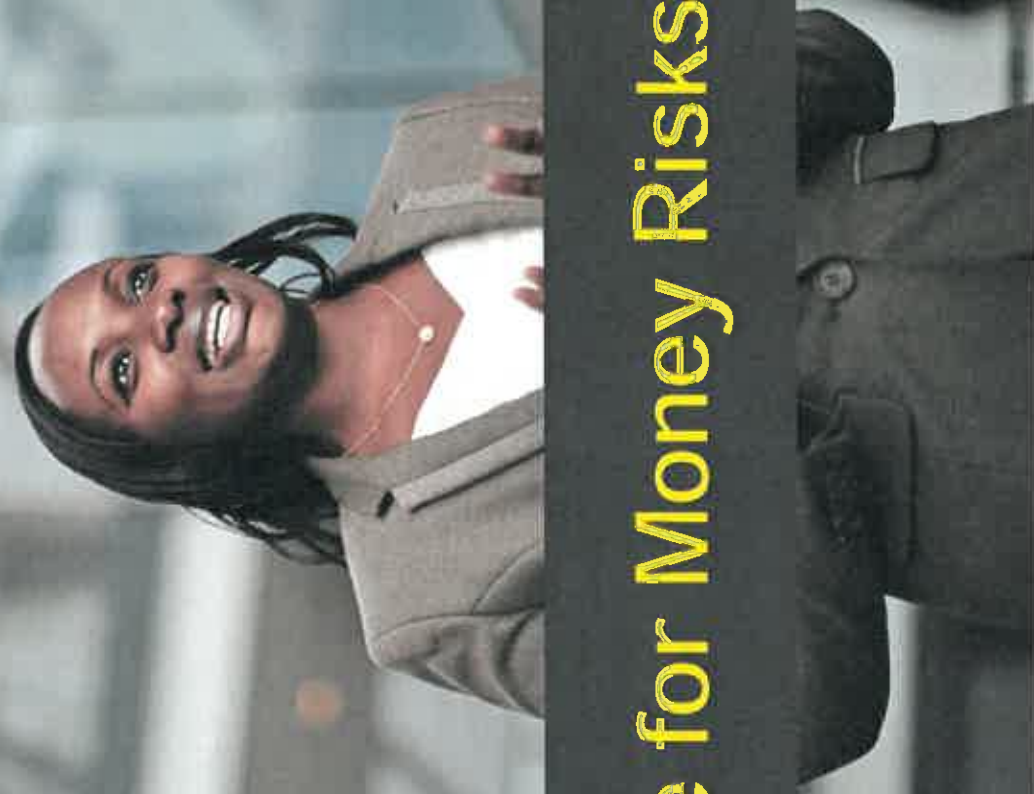
We highlight the following misstatements greater than £237k which have been corrected by management that were identified during the course of our audit:

- £3.6million reclassification between Property, Plant & Equipment and Assets Held for Sale (AHFS) in relation to some assets not meeting the definition of AHFS. This has been adjusted by management in the final version of the financial statements.
- We also identified one unadjusted audit difference in the draft financial statements which management has chosen not to adjust. This issue is in common with other local, police and fire authorities, however the Authority has decided to not make any changes to the draft accounts in relation to the impact on its net pension liability from judgements associated with McCloud (age discrimination) and Guaranteed Minimum Pensions equalisation (GMP-equalisation of past service costs for males and females). The estimated impact of both judgements is an increase of £81 1k to the Authority's net pension liability. We recommend that the Authority adjusts the final version of the financial statements or if not provides a rationale as to why they are not corrected be approved by the Audit Committee and included in the Letter of Representation.



05

Value for Money Risks





# 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.

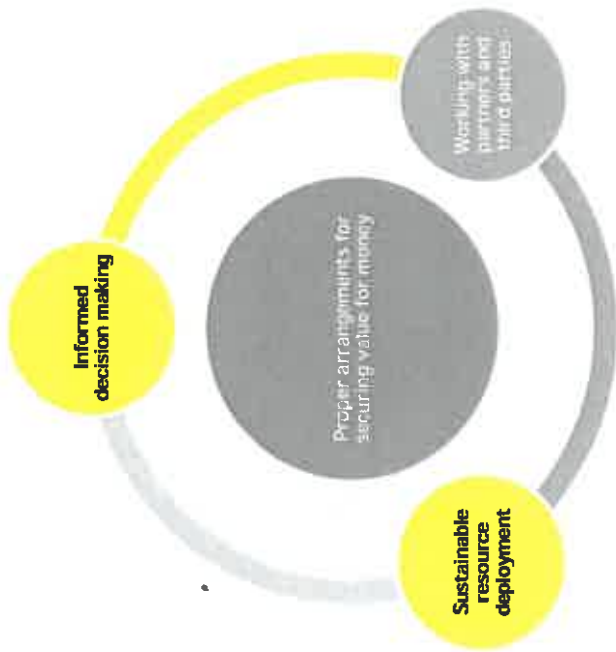
For 2018/19 this is based on the overall evaluation criterion:

"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.



## Overall conclusion

In our Audit Plan we identified two significant risks

- Delivery of a robust Medium Term Financial Plan

- Commercialisation decisions to generate income and maximise the return from assets

The tables below present our findings in response to the risks in our Audit Planning Report

We have no matters to include in the auditor's report about your arrangements to secure economy, efficiency and effectiveness in your use of resources.



## Value for Money

# 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 risks areas in our Audit Planning Report.

**What is the significant value for money risk?**

**What arrangements did the risk affect?**

**What are our findings?**

**Delivery of a robust Medium Term Financial Plan**

**Deploy resources in a sustainable manner**

**We performed the following:**

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

We do not have any significant concerns and matters to report in relation to this risk.

**Commercialisation decisions to generate income and maximise the return from assets**

**Take informed decisions Work with partners and other third parties**

**We reviewed the following:**

- 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.

We do not have any significant concerns and matters to report in relation to this risk.



## Value for Money

# Other matters to bring to your attention

Looking forward, Observations on where the Authority can secure continuous improvement in its arrangements

### Financial resilience:

The reliance on the annual revenue contribution is set to decrease, with an expectation that land sale receipts replacing this reduction. Whether this will continue in subsequent years is heavily dependent upon the success and valuation of land disposals. Should the Authority realise lower than expected land sale receipts, either the capital programme requirements will need to be reduced, alternative external financing sought (including borrowing) or greater reliance placed on the annual revenue contribution in order for the Authority to continue to act in a prudent, sustainable and affordable manner.

### Commercialisation:

- The Authority should consider developing individual risk registers relating to major development projects.
- Whilst the Authority current has no significant borrowing commitments, this does not mean that it should not consider potential implications resulting from borrowing to deliver its medium to long term financial, treasury and capital strategy.



## 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 latest version of 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

The Authority is below the threshold for requiring audit procedures on its WGA submission.

### 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.



# 07 Assessment of Control Environment

# Assessment of Control Environment

## Financial controls

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

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

Although our audit was not designed to express an opinion on the effectiveness of internal control we are required to communicate to you significant deficiencies in internal control.

We have not identified any significant deficiencies in the design or operation of an internal control that might result in a material misstatement in your financial statements of which you are not aware.



# 08 Data Analytics

08



# Use of Data Analytics in the Audit

## Data analytics – Journal Entry Analysis and Payroll Analysis

### **Analytics Driven Audit**

#### **Data analytics**

We used our data analysers to enable us to capture entire populations of your financial data. These analysers:

- Help identify specific exceptions and anomalies which can then be the focus of our substantive audit tests; and
- Give greater likelihood of identifying errors than traditional, random sampling techniques.

In 2018/19, our use of these analysers in the Authority's audit included testing journal entries and employee expenses, to identify and focus our testing on those entries we deem to have the highest inherent risk to the audit.

We capture the data through our formal data requests and the data transfer takes place on a secured EY website. These are in line with our EY data protection policies which are designed to protect the confidentiality, integrity and availability of business and personal information.

#### **Journal Entry Analysis**

We obtain downloads of all the financial ledger transactions posted in the year. We perform completeness analysis over the data, reconciling the sum of transactions to the movement in the trial balances and financial statements to ensure we have captured all data. Our analysers then review and sort transactions, allowing us to more effectively identify and test journals that we consider to be higher risk, as identified in our audit plan.

#### **Payroll Analysis**

We also use our journal entry analyser in our payroll testing of the non-schools payroll. We obtain all payroll transactions posted in the year from the general ledger system and perform completeness analysis over the data, including reconciling the total amount to the payroll system. We then analyse the data against a number of specifically designed procedures. These include analysis of payroll costs by month to identify any variances from established expectations, as well as more detailed transactional interrogation.



09

Independence

## Independence

### Confirmation

We confirm that there are no changes in our assessment of independence since our confirmation in our audit plan dated 14 February 2019.

We complied with the FRC Ethical Standards and the requirements of the PSA'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 19 September 2019.

We confirm we have not undertaken any non-audit work outside the NAO Code requirements in relation to our work.

## 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 1 April 2018 to the date of this report, which we consider may reasonably be thought to bear on our independence and objectivity.

Services provided by Ernst & Young

The table overleaf 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.

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 not undertaken non-audit work outside the NAO Code requirements. 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		Scale fee 2018/19		Final Fee 2017/18	
	£	£	£	£	£	£	£	£
Total Fee – Code work	14,337		14,337		14,337		18,619	
Additional fees (see Note)	TBC		TBC		0		0	
Total audit	14,337		14,337		14,337		18,619	
Other non-audit services not covered above	0		0		0		0	
Total fees	14,337		14,337		14,337		18,619	

All fees exclude VAT

### Note:

- The final fee for 2018/19 will be subject to additional fees for work carried out in response to significant risks and change of scope, specifically the work identified in this report, covering:
- Involvement of EY Real Estates to review a sample of Authority's assets.
  - Additional pensions procedures as a result of the McCloud and GMP judgements, as well as the actual asset position compared with the estimated position;
  - Work undertaken to address the new accounting requirements of IFRS 9 and IFRS 15;
  - Significant risks included within the Report; and
  - Resolving, documenting and reporting errors within the financial statements as reported both to Members and officers.

We will discuss and agree these extra fees with management and bring back our proposed variation to the next Audit Committee meeting. The additional fees are also subject to approval by the PSAA





**10** 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:

Required communications	What is reported?	Our Reporting to you When and where
Terms of engagement	Confirmation by the Finance, Audit and Risk 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 Planning and audit approach	Reminder of our responsibilities as set out in the engagement letter. Communication of the planned scope and timing of the audit, any limitations and the significant risks identified.	Audit Plan - February 2019 Audit Plan - February 2019
Significant findings from the audit	<ul style="list-style-type: none"> <li>• Our view about the significant qualitative aspects of accounting practices including accounting policies, accounting estimates and financial statement disclosures</li> <li>• Significant difficulties, if any, encountered during the audit</li> <li>• Significant matters, if any, arising from the audit that were discussed with management</li> <li>• Written representations that we are seeking</li> <li>• Expected modifications to the audit report</li> <li>• Other matters if any, significant to the oversight of the financial reporting process</li> </ul>	Audit Results Report - September 2019

## Required communications

### What is reported?

#### Going concern

- Events or conditions identified that may cast significant doubt on the entity's ability to continue as a going concern, including:
- 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 Lee Valley Regional Park Authority's ability to continue for the 12 months from the date of our report

#### Misstatements

- 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 - September 2019

#### Subsequent events

- Enquiry of the Audit Committee where appropriate regarding whether any subsequent events have occurred that might affect the financial statements.

Audit Results Report - September 2019

#### Fraud

- 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:
  - 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.

Audit Results Report - September 2019

Our Reporting to you	
When and where	What is reported?
<p><b>Related parties</b></p> <p>Audit Results Report – September 2019</p>	<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"> <li>• Non-disclosure by management</li> <li>• Inappropriate authorisation and approval of transactions</li> <li>• Disagreement over disclosures, Non-compliance with laws and regulations</li> <li>• Difficulty in identifying the party that ultimately controls the Authority</li> </ul>
<p><b>Independence</b></p> <p>Audit Plan – February 2019 and Audit Results Report – September 2019</p>	<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"> <li>• The principal threats</li> <li>• Safeguards adopted and their effectiveness</li> <li>• An overall assessment of threats and safeguards</li> <li>• Information about the general policies and process within the firm to maintain objectivity and independence</li> </ul> <p>Communications whenever significant judgments are made about threats to objectivity and independence and the appropriateness of safeguards put in place.</p> <p>For public interest entities and listed companies, communication of minimum requirements as detailed in the FRC Revised Ethical Standard 2016:</p> <ul style="list-style-type: none"> <li>• Relationships between EY, the company and senior management, its affiliates and its connected parties</li> <li>• Services provided by EY that may reasonably bear on the auditors' objectivity and independence</li> <li>• Related safeguards</li> <li>• Fees charged by EY analysed into appropriate categories such as statutory audit fees, tax advisory fees, other non-audit service fees</li> <li>• A statement of compliance with the Ethical Standard, including any non-EY firms or external experts used in the audit</li> </ul>

**Required communications**

**What is reported?**

- Details of any inconsistencies between the Ethical Standard and Authority's policy for the provision of non-audit services, and any apparent breach of that policy
- Details of any contingent fee arrangements for non-audit services
- Where EY has determined it is appropriate to apply more restrictive rules than permitted under the Ethical Standard
- The audit committee should also be provided an opportunity to discuss matters affecting auditor independence

**External confirmations**

- Management's refusal for us to request confirmations
- Inability to obtain relevant and reliable audit evidence from other procedures.

We have received all requested confirmations

**Consideration of laws and regulations**

- 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

We have asked management and those charged with governance. We have not identified any material instances or non-compliance with laws and regulations

**Significant deficiencies in internal controls identified during the audit**

- Significant deficiencies in internal controls identified during the audit.

Audit Results Report – September 2019

# Appendix A

Required communications	What is reported?	When and where
Written representations	<ul style="list-style-type: none"> <li>• Written representations we are requesting from management and/or those charged with governance</li> </ul>	Audit Results Report - September 2019
Material inconsistencies or misstatements	<ul style="list-style-type: none"> <li>• Material inconsistencies or misstatements of fact identified in other information which management has refused to revise</li> </ul>	Audit Results Report - September 2019
Auditors report	<ul style="list-style-type: none"> <li>• Any circumstances identified that affect the form and content of our auditor's report</li> </ul>	Audit Results Report - September 2019
Fee Reporting	<ul style="list-style-type: none"> <li>• Breakdown of fee information when the audit plan is agreed</li> <li>• Breakdown of fee information at the completion of the audit</li> <li>• Any non-audit work</li> </ul>	Audit Plan - February 2019 and Audit Results Report - September 2019

# Management representation letter

## Management Rep Letter

[To be prepared on the entity's letterhead]

2x July 2019

Neil Harris  
Associate Partner  
Ernst & Young LLP  
400 Capability Green  
Luton  
LU1 3LU

This letter of representations is provided in connection with your audit of the financial statements of Lee Valley Regional Park Authority ("the Authority") 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 Authority financial position of Lee Valley Regional Park 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 (ISA), 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 detect - 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 Authority, 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 Authority 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 Authority, we believe that the Authority 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

We acknowledge that we are responsible to determine that the Authority'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.

1. We acknowledge that we are responsible for the design, implementation and maintenance of internal controls to prevent and detect fraud.
2. 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.
3. We have no knowledge of any identified or suspected non-compliance with laws or regulations, including fraud that may have affected the Authority (regardless of the source or form and including without limitation, any 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 Authority'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 Authority'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:



# Appendix B

## Management representation letter

### Management Rep Letter

- 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 Authority and Audit Committee held through the 1<sup>st</sup> of April 2016 to the most recent meeting on the following date: 4 July 2019
  4. We confirm the completeness of information provided regarding the identification of related parties. We have disclosed to you the identity of the Authority'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 31 March 2019 year 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 Authority 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.
- 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 disclosed 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 Notes 41 and 42 to the financial statements all guarantees that we have given to third parties.
- E. Subsequent Events**
1. 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 Narrative Report and Annual Governance Statement.
2. We confirm that the content contained within the other information is consistent with the financial statements.

### G. Estimates

When we have identified a significant or higher risk estimate, we may include the following representation:

1. Pension Liability
  2. Property, Plant & Equipment / Investment Properties – Valuation and Impairment
  3. Provision for Impairment
1. We believe that the measurement processes, including related assumptions and models, used to determine the accounting estimate(s) have been consistently applied and are appropriate in the context of CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2018/19.
  2. We confirm that the disclosures made in the financial statements with respect to the accounting estimate(s) are complete and made in accordance with CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2018/19.
  3. We confirm that no adjustments are required to the accounting estimate(s) and disclosures in the financial statements due to subsequent events.

### H. Retirement benefits

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

Yours faithfully,

Director – Finance and Resources (Chief Financial Officer)

Chairman of the Audit Committee



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ED None

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Neil Harris  
Associate Partner  
Ernst & Young LLP  
400 Capability Green  
Luton  
LU1 3LU

19 September 2019

E-mail: [ssheldon@leevalleypark.org.uk](mailto:ssheldon@leevalleypark.org.uk)  
Direct line 01992 709859

## Letter of Representations: Financial Statements

This letter of representations is provided in connection with your audit of the financial statements of Lee Valley Regional Park Authority ("the Authority") 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 Authority financial position of Lee Valley Regional Park 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), 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 Authority, 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 Authority 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 Authority, we believe that the Authority 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. Within the auditor's report there is an estimated potential impact of the McCloud judgment and the Guaranteed Minimum Pension (GMP) on the net pension liability (£811k). The auditor notes that this falls below their tolerable error and audit materiality levels. This has not been adjusted in the balance sheet.

The reasons for non-adjustment are that IAS19 requires the Authority to place a best estimate value on liabilities and costs. Given the current uncertainty about the range of potential remedies in relation to the McCloud judgment, the best estimate is almost impossible to define and would require some judgement. In the view of our actuary the remedy carried out may be different from assumptions being made and therefore the impact on the liabilities and service cost may be significantly different than that estimated.

The Local Pension Partnership have also advised that their assumption for increases on GMP is that full pension increases on the GMP element of a member's pension are paid for by the Fund and therefore they don't expect the liabilities shown in their report to be affected by the outcome of the Indexation and equalisation of GMP in the public service pension schemes consultation. The Lloyds ruling does not currently affect the LGPS and therefore they believe there isn't any reason or evidence to take any further action relating to GMP equalisation at this stage.

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

We acknowledge that we are responsible to determine that the Authority'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.

1. We acknowledge that we are responsible for the design, implementation and maintenance of internal controls to prevent and detect fraud.
2. 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.
3. We have no knowledge of any identified or suspected non-compliance with laws or regulations, including fraud that may have affected the Authority (regardless of the source or form and including without limitation, any 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 Authority'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 Authority'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 Authority and Audit Committee held through 1 April 2018 to the most recent meeting on the following date: 4 July 2019.**

**4. We confirm the completeness of information provided regarding the identification of related parties. We have disclosed to you the identity of the Authority'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 31 March 2019 year 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 Authority 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.**

**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. The ongoing contingent liability values remain the same as prior years reflecting the legacy requirements of the Sport England agreements.

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 this in Note 37 to the financial statements all guarantees that we have given to third parties.

**E. Subsequent Events**

1. 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 Narrative Report and Annual Governance Statement.
2. We confirm that the content contained within the other information is consistent with the financial statements.

**G. Estimates**

When we have identified a significant or higher risk estimate, we may include the following representation:

- i. Pension Liability;
  - ii. Property, Plant & Equipment / Investment Properties – Valuation and Impairment; and
  - iii. Provision for impairment.
1. We believe that the measurement processes, including related assumptions and models, used to determine the accounting estimate(s) have been consistently applied and are appropriate in the context of CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2018/19.
  2. We confirm that the disclosures made in the financial statements with respect to the accounting estimate(s) are complete and made in accordance with CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2018/19.
  3. We confirm that no adjustments are required to the accounting estimate(s) and disclosures in the financial statements due to subsequent events.

**H. Retirement benefits**

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

Yours faithfully

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**Director – Finance and Resources (Chief Financial Officer)**

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**Chairman of the Audit Committee**

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## **RISK REGISTER 2019/20**

Presented by the Director of Finance & Resources

### **SUMMARY**

At each Audit Committee Members review the Risk Register for progress against existing actions and to ensure that the Risk Register remains relevant to deal with the corporate risks facing the organisation.

At the Audit Committee in June 2018 (Paper AUD/90/18) Members approved the updated risk management strategy and corporate risk register following the Risk Management Workshop held on 7 June 2018. This workshop analysed and reviewed the risk management strategy and corporate risk register in detail to ensure that this committee could proactively input into, manage and monitor the register going forward with up to date risks identified that are relevant to the Authority's business over the coming years.

The risk management strategy and corporate risk register assist Members in their consideration and approval of the Annual Governance Statement as a key part of the financial statements. A robust risk management framework and register is one key element of the Annual Governance Statement and a source of assurance for Members in approving this Statement year on year as part of the published accounts.

### **RECOMMENDATION**

Members Approve (1) the Corporate Risk Register included at Appendix A and the sub-register at Appendix B to this report.

### **BACKGROUND**

1 Risk management is one of the key internal controls for an organisation. Members need to ensure that a sound system of internal control is maintained and an annual review of the effectiveness of the system of internal control is conducted to provide sufficient, relevant and reliable assurance to enable them to authorise the signing of the Authority's Annual Governance Statement (AGS) (which is published with the financial statements).

2 Regulation 3 of the Accounts and Audit Regulations 2015 requires that:

**"A relevant authority must ensure that it has a sound system of internal control which -**

- (a) facilitates the effective exercise of its functions and the achievement of its aims and objectives;**
- (b) ensures that the financial and operational management of the authority is effective; and**
- (c) includes effective arrangements for the management of risk."**

In this context "relevant authority" is referring to Lee Valley Regional Park Authority.




- 3 Each financial year the relevant authority must –**
  - (a) conduct a review of the effectiveness of the system of internal control required by regulation 3; and**
  - (b) prepare an annual governance statement - this statement must be published together with the statement of accounts and the narrative statement in accordance with Regulation 10.**
- 4 Assurance of the Authority's internal control system is derived through the work of the internal audit function (undertaken by Mazars for the Authority); and also through the monitoring of processes put in place by management and other external bodies including those around risk management and health & safety. This provides evidence which allows the Authority to form conclusions on the adequacy and effectiveness of the systems of internal control and also on the efficiency of operations.**
- 5 Risk management is not solely a focus on the finances of the Authority. The scope of internal control spans the whole range of the Authority's activities and includes those controls designed to ensure:**
  - the Authority's policies are put into practice;**
  - the organisation's values are met;**
  - laws and regulations are complied with;**
  - required processes are adhered to;**
  - financial statements and other published information are accurate and reliable; and**
  - human, financial and other resources are managed efficiently and effectively.**
- 6 The Authority approved a Risk Management Framework in April 2005 (Paper A/3798/05). The Risk Management Framework and more specifically, the Risk Register was developed by Members and senior officers under the guidance of the internal auditors through a number of workshops and meetings. Members have regularly reviewed the register at each Audit Committee, adding in their own comments and improvements.**
- 7 Since this time Members have consistently (and in depth) reviewed the Corporate Risk Register and revised the strategy, format and content. The strategy has been revised and updated twice since 2005 at the Audit Committee (May 2010 Paper AUD/06/10 and June 2012 Paper AUD/30/12). The strategy has been reviewed again by officers and Members as part of the Risk Management Workshop and was formally approved by the Audit Committee in**

June 2018 (Paper AUD/90/18).

## REVIEW OF THE STRATEGIC RISK REGISTER

- 8 The current Strategic Risk Register is reviewed by officers and Members on an on-going basis and signed off at each Audit Committee.
- 9 Members last considered the risk register at the Audit Committee in June 2019 (Paper AUD/101/19).
- 10 Since the June Committee officers have incorporated approved Member revisions, reviewed the register, considered potential new risks and the scoring. Notably a risk sub-register was considered and agreed by the Leisure Services Contract (LSC) Working Group to give greater detail and management emphasis to managing the risks and actions in relation to the LSC Retender (Strategic Risk SR9). This is attached as Appendix B to this report.

The table below sets out the movement in managing the residual risks and sets out a summary of the total notional score.

Risk	Residual Risks 21 June 2018	Residual Risks 20 September 2018	Residual Risks 14 February 2019	Residual Risks 20 June 2019	Residual Risks 19 September 2019
	4	4	3	3	2
	7	7	9	9	9
	7	7	7	7	8
Total Risks	18	18	19	19	19
Notional Score	596	461	495	479	462

- 12 The key points to note since the last review of the register was considered at Audit Committee are:
  - I. overall total reduction in corporate risk register notional score due to downward score of risks as actions delivered against land sales and the LSC retender; and
  - II. the movement in scoring for the LSC Retender (SR9) remains as an amber score of 32 (but sub-register total score down from 320 to 289) due to further progress in the procurement process and in relation to decoupling of support services.

Changes to the register are in red font to indicate changes since the last Audit Committee risk register paper.

## ENVIRONMENTAL IMPLICATIONS

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

## **EQUALITY IMPLICATIONS**

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

## **FINANCIAL IMPLICATIONS**

- 15 Revision of the Strategic Risk Register is a key element of this Authority's system of internal control that contributes to safeguarding the assets of the Authority and its reputation for sound financial management of public funds. This is reflected in the Authority's AGS published within the annual accounts and approved by this Committee.
- 16 Where actions require additional resources these will be identified and approved through the normal budget setting/service planning and management processes in accordance with Financial Regulations.

## **HUMAN RESOURCE IMPLICATIONS**

- 17 There are no additional human resource implications arising directly from the recommendations in this report. Actions have been set so that they can be met from existing employee resources.

## **LEGAL IMPLICATIONS**

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

## **RISK MANAGEMENT IMPLICATIONS**

- 19 These are dealt with through the main body of the report and through the revised register. The Ice Centre; the Picketts Lock Development; the LSC Retender project; and the implementation of the Land & Property Strategy are recognised as potentially the highest corporate risks facing the organisation. Continuing mitigation against these identified risks is demonstrated by the proposed actions in the Strategic Register as set out in Appendix A to this report and primarily through implementing and delivering the approved Business Plan.

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Author: Simon Sheldon, 01992 709 859, [ssheldon@leevalleypark.org.uk](mailto:ssheldon@leevalleypark.org.uk)

## **BACKGROUND REPORTS**

Lee Valley Regional Park Authority Risk Management Strategy June 2018

## **PREVIOUS COMMITTEE REPORTS**

Audit Committee	AUD/101/19	Risk Register 2019/20	20 June 2019
Audit Committee	AUD/97/19	Risk Register 2018/19	14 February 2019
Audit Committee	AUD/94/18	Risk Register 2018/19	20 September 2018
Audit Committee	AUD/90/18	Risk Register 2018/19	21 June 2018
Audit Risk Workshop			07 June 2018

**APPENDICES ATTACHED**

Appendix A	2019/20 Corporate Risk Register – Authority
Appendix B	2019/20 Sub Register LSC retender (SR9)
Appendix C	Risk Scoring Criteria (extract from the approved risk management strategy (June 2018))

**ABBREVIATIONS**

LSC	Leisure Services Contract
AGS	Annual Governance Statement

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STRATEGIC RISK REGISTER AS AT 19 SEPTEMBER 2019

Risk ID	Risk Name	Inherent Risk Score			Residual Risk Score			Further Actions Needed to reduce Risk	Deadline for Completion Actions	Officer(s) Responsible	Updated Comments 19/09/2019	Updated Comments 20/06/2019
		Lead	Impact	Likelihood	Total Score	Impact	Likelihood					
SR1	Legal Failure to comply with the 1966 Park Act and other statutory requirements.	DCS	8	7	6	1	6	<p>Existing Controls</p> <ul style="list-style-type: none"> <li>Provision of Legal Services Member scrutiny through Authority &amp; Committee meetings</li> <li>Annual Governance statement Park Act Awareness covered by inductions for new staff.</li> </ul> <p>Source of Assurance</p> <ul style="list-style-type: none"> <li>EA Ext Audit</li> <li>IA Int Audit</li> <li>SMT Sr Mgmt Team</li> <li>H&amp;S M Members</li> <li>BSC H&amp;S LA Legal Advice</li> <li>APMD Asset Mgmt Team</li> <li>EC Ext Consult</li> </ul>	Quarterly	DCS	Ongoing	Ongoing
	Failure to comply with Health & Safety legislation	DFR	9	6	7	2	14	<p>Existing Controls</p> <ul style="list-style-type: none"> <li>Health and Safety management H&amp;S manual (procedures) regularly reviewed by RDHS who monitor up and coming legislation.</li> <li>Policy Updated annually</li> <li>Risk Reduction Plan complete.</li> <li>External H&amp;S Assessment 5* Annual Report to Audit Committee</li> </ul> <p>Source of Assurance</p> <ul style="list-style-type: none"> <li>RD/SMT 1/4ly Reports</li> <li>BSC 3 yr ext review</li> <li>RD Annual Audits</li> <li>M Year Report</li> </ul>	31/03/2020	DFR	Annual Report & new year Plan approved June Audit Committee (AUDY102/19)	Auth score at 96.5% Trust 85.6%. Ensure Trust have support to increase score
SR2	Contractual Agreeing to accept a partners' financial terms and conditions that will place an unacceptable long term liability on the Authority	DFR	9	4	8	2	18	<p>Existing Controls</p> <ul style="list-style-type: none"> <li>Reports to SMT and Members Financial/Legal/Risk Implications fully appraised.</li> <li>Appraisal of schemes in accordance with prudential code.</li> </ul> <p>Source of Assurance</p> <ul style="list-style-type: none"> <li>M Exec Monthly LA agreement</li> </ul>	Quarterly	DCS/ DFR	Ongoing	Ongoing
	Contractors, Governing Bodies, or Trust not delivering agreed objectives/contract	DFR	7	6	6	2	12	<p>Existing Controls</p> <ul style="list-style-type: none"> <li>All contracts reviewed prior to commencement by a responsible officer. Delivery monitored by Director/Head of Service and performance monitoring team</li> <li>Quarterly Performance Reports to Executive &amp; Scrutiny Committees</li> </ul> <p>Source of Assurance</p> <ul style="list-style-type: none"> <li>M Exec Monthly</li> <li>M Scrutiny 1/4ly</li> </ul>	Executive Quarterly Monitoring	HSL	Contracts working well with few issues. The Trusts performance re the LSC is detailed within the June Exec Members paper.	Contracts working well with few issues. The Trusts performance re the LSC is detailed within the June Exec Members paper.
	Management of Facilities Contracts & failure to maintain assets to a good H&S and operational standard	DCS	9	4	7	3	21	<p>Existing Controls</p> <ul style="list-style-type: none"> <li>Advice and support APMD plus external contractors.</li> <li>Quality contractors employed for maintenance through procurement (Price Quality ratio applied)</li> </ul> <p>Source of Assurance</p> <ul style="list-style-type: none"> <li>APMD Annual Inspections</li> </ul>	Annual Inspections & Review. MPG Work complete by 31.12.19	APMD	Maintenance Performance Guide audits undertaken by Performance Team and then reviewed by APMD team.	Annual inspections ongoing - updated MPG paperwork in progress

STRATEGIC RISK REGISTER AS AT 19 SEPTEMBER 2019

Risk ID	Risk Name	Inherent Risk Score			Residual Risk Score			Impact	Likelihood	Total Score	Treat/Transfer/Terminate (if Treat, further actions needed)	Further Actions Needed to reduce Risk	Deadline for Completion Actions	Officer(s) Responsible	Updated Comments	Updated Comments
		Level	Impact	Likelihood	Level	Impact	Likelihood									
SR 3	Resources I.T. Infrastructure does not meet future business need requirements. Authority requires funding for updating or improving I.T infrastructure	DFR	9	4	DFR	8	3	24	 Total Score	 Total Score	Treat Support Services Review for new Contract post 2020	31/03/2020	DFR	Updated Comments 19/09/2019	Updated Comments 20/06/2019	
	The Authority fails to recruit/retain staff at all levels of the appropriate calibre	CEO	8	8	CEO	4	4	16	 Total Score	 Total Score	Treat Ongoing Monitoring	On-going	CEO/DFR	Payroll review complete requires SMT sign-off. Systems decoupling ongoing Support Services decoupling for final 3 posts. HR & LD Strategy drafted as part of 2020-25 business plan. Management structure review underway.	Payroll review underway. New Usage counters in place. Systems decoupling in progress Support Services Decoupling near complete	
SR 4	Financial Management Financial Risks of over/under spent budget through non-achievement of income targets or inaccurate budget forecasting. Insufficient Resources to meet objectives	DFR	9	9	DFR	7	2	14	 Total Score	 Total Score	Treat Budget Review 2020/21	23/01/2020	DFR	New 2020-25 business plan and MTFP for Members consideration during Autumn 2019	2019/20 budget complete. Revenue & Capital Outlay reported to Executive 23/05/2019	
SR5	Governance & Leadership Lack of a clear corporate direction	CEO	9	9	CEO	9	2	18	 Total Score	 Total Score	Tolerate Set out 2020-2025 Business Plan	23/01/2020	CEO	New business plan prepared for 2020-2025 ahead of the budget round in the Autumn.	New business plan prepared for 2020-2025 ahead of the budget round in the Autumn.	
	Challenge to Authority's powers to raise the Levy on all constituent councils	CEO	9	9	CEO	9	1	9	 Total Score	 Total Score	Tolerate Set out 2020-2030 Vision	Quarterly Monitoring 23/01/2020	CEO	Ongoing	Ongoing	



STRATEGIC RISK REGISTER AS AT 19 SEPTEMBER 2019

Risk ID	Risk Name	Inherent Risk Score			Residual Risk Score			Tolerate/Transfer/Treat/Retain (if Treat, further actions needed)	Further Actions Needed to reduce Risk	Deadline for Completion Actions	Officer(s) Responsible	Updated Comments 19/09/2019	Updated Comments 20/06/2019
		Lead	Impact	Likelihood	Total Score	Impact	Likelihood						
SR6	Reputation/Communication. Impact on Authority's reputation due to service failure, damaged stakeholder and/or contractor relationships.	HC	7	5	35	6	3	18	Regular client meetings	Quarterly Monitoring Report	HC	Ran proactive summer campaign for park as a destination. Used Canoe Station World Cup 2019 to engage stakeholders. Continued work with Trust on brand	Continued engagement with stakeholders - use of major event invitations to share updates/information, working with Trust to ensure we're on brand, proactive campaigns to raise profile and drive visits.
SR7	Business Continuity Inadequate business continuity implementation at any (all) sites following natural disaster, IT failure including Cyber Terrorism, Flooding, Disease Outbreak (animals/humans), Terrorism.	CEO	6	5	30	5	3	15	Audit Recommendations Implemented Further training and testing. Trust Risk Register - alignment re risk and continuity	Quarterly Monitoring	HSL	Process in place for 2019/20. Health Safety contract review to ensure fit for purpose come the start of the new LSC and 2025 business plan.	As per Feb 19 paper with the Trust having updated their new management structure and comms processes.
SR8	Environmental Management Failure to manage contamination could be a risk to users, this includes land and/or water contamination (also damage to reputation from failing to manage contamination)	DCS	9	9	81	7	2	14	Ongoing monitoring	Ongoing Monitoring plus analysis when land sold/purchased or developed	DCS	Ongoing monitoring in line with Land Contamination Strategy & Policy	Ongoing monitoring in line with Land Contamination Strategy & Policy

STRATEGIC RISK REGISTER AS AT 19 SEPTEMBER 2019

Risk ID	Risk Name	Inherent Risk Score				Residual Risk Score				Tolerate/Transfer/Treat/Terminate (if Treat, further actions needed)	Further Actions Needed to reduce Risk	Deadline for Completion Actions	Officer(s) Responsible	Updated Comments 19/09/2019	Updated Comments 20/09/2019
		Lead	Impact	Likelihood	Total Score	Lead	Impact	Likelihood	Total Score						
SR9	Major Business Developments Ice Centre Failure in Strategic Risks 1-8 above in the development of the Ice Centre circa £30m project and Legal Challenge	CEO	9	8	72	 Existing Controls Legal Advice Prudential Code Feasibility Studies Member Steering Group Existing PR/Comms Feasibility budget Working with LB Waltham Forest Planning Advice	 Source of Assurance EA Ext Audit IA Int Audit SMT Sr Mgmt Team RD H&S M Members BSC H&S LA Legal Advice APMD Asset Mgmt Team EC Ext Consult	9	7	63	 Planning Approval Business Plan Design Team Engagement stakeholders, users and local community	08/10/2020	HSL	Stage 3 continues well and the stage 3 designs are now fixed for submission for planning. The consultation period has also finished and has been very positive.	£1.75m allocated to deliver design, tender process for construction. £130k allocated for equipment to maintain continuity of service.
	Picketts Lock Development Failure in Strategic Risks 1-8 above in the development of the Picketts Lock circa £40m project and Legal Challenges	CEO	8	8	64	 Existing Controls Legal Advice Prudential Code Feasibility Studies Existing PR/Comms Feasibility budget Working with LB Enfield Land & Planning Advice Property Member Group	 Source of Assurance EA Ext Audit IA Int Audit SMT Sr Mgmt Team RD H&S M Members BSC H&S LA Legal Advice APMD Asset Mgmt Team EC Ext Consult	8	7	56	 Planning Approval Business Plan Design Team Engagement stakeholders, users and local community	31/03/2020	DCS	Site Investigations ongoing.	Some site Investigations have been undertaken and details of the results are awaited. Further site investigation will be undertaken later this year.
	Leisure Services Contract Ref tender Failure in Strategic Risks 1-8 above in the ref tender of the Leisure Services Contract circa £20m and potential Legal Challenge	CEO	9	5	45	 Existing Controls Legal Advice Procurement Regulations Medium Term Financial Plan Existing PR/Comms External Consultants Member Steering Group Market Engagement & Specification Tender Exercise Complete	 Source of Assurance EA Ext Audit IA Int Audit SMT Sr Mgmt Team RD H&S M Members BSC H&S LA Legal Advice APMD Asset Mgmt Team EC Ext Consult	8	4	32	 Tender Evaluation Award of Contract	30/09/2019	CEO	Best and Final submissions due mid September and final evaluation. Member report re contract award in October	Evaluation of submitted tenders June/July

STRATEGIC RISK REGISTER AS AT 19 SEPTEMBER 2019

Risk ID	Risk Name	Inherent Risk Score			Residual Risk Score			Further Actions Needed to reduce Risk	Deadline for Completion Actions	Officer(s) Responsible	Updated Comments 19/09/2019	Updated Comments 20/06/2019
		Lead	Impact	Likelihood	Total Score	Impact	Likelihood					
SR10	Implications of Implementing Land & Property Strategy Purchases- Opportunity Cost of Resources, Reducing Available Resources or Increasing future liabilities	DCS	8	6	48	8	4	32	HoP	Property referred to in previous comment returned to the market and the Authority's offer has now been accepted and the acquisition is currently proceeding.	On-going as opportunities arise. Recent offer made for a potential purchase of a property was rejected and vendor has accepted a higher offer.	
	Disposals - Legal challenges, Reputational Damage, reduced public access or bio diversity, Failure to deliver anticipated capital resources through land disposal due to the constraints imposed by the riparian boroughs/districts and other agencies, e.g. green belt/flood risk/contaminated land	DCS	8	7	56	8	5	40	HoP	Three disposals completed early in 2019/20 with one further due for completion. Risk likelihood reduced to moderate.	Progressing land disposals identified by the Land & Property Working Group. Reporting to Executive as matters progress	
SR11	Impact of Brexit on Authority Failure in Strategic Risks 1-10 above due to changes in the Economic and Business climate brought about by changes following the departure from the European Union	CEO	7	9	63	7	6	42	Ongoing	Monitor Land Sales Interest rates Third Party Investors/ stakeholders Legal framework Pension valuations	Potential risk needs ongoing monitoring particularly in relation to finances and future strategic investments, and 3rd party contacts	

Score 45-81 High Risk  
Score 18-42 Moderate risk  
Score 1- 16 Low risk

Progress in a positive direction ie reducing the risk  
Progress is negative and risk is getting worse.  
Progress static subject to actions or as risk is "tolerated"

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LEISURE SERVICE CONTRACT SUB RISK REGISTER AS AT 19 SEPTEMBER 2019

Risk ID	Risk Name	Inherent Risk Score				Residual Risk Score				Further Actions Needed to reduce Risk	Deadline for Completion Actions	Officers(s) Responsible	Comments 19/09/2019	Comments 20/06/2019
		Lead	Impact	Likelihood	Total Score	Lead	Impact	Likelihood	Total Score					
SR1	Legal Failure to comply with Public Procurement Regulations	DCS	7	9	63	DCS	5	1	5	 (If Treat, further actions needed)	Monthly	HSL	Best and Final submissions due mid September and final evaluation. Member report re contract award in October	Tender submissions received 10 June. Evaluation June/July
	Process delayed by legal challenge before November 1st 2019	DCS	7	8	56	DCS	6	7	42	 ↑	Weekly	HSL	Ongoing	Ongoing
SR2	Contractual New contractual arrangements not in place by 1 April 2020	DCS	7	8	56	DCS	7	5	35	 ↑	Weekly	DCS	LSC officer project management group plus agreed timetable. Plus tasklist	LSC officer project management group plus agreed timetable. Plus tasklist
	Existing Services deteriorates as current contract nears end causing failure to delivering on agreed objectives, contractual requirements or terminating contract prior to commencement of new contract	DFR	6	6	36	DFR	6	4	24	 ↑	Executive Quarterly Monitoring	DFR	Q1 LSC monitoring report to Executive 19/09/19	Q4 LSC monitoring report to Executive 20/06/19
	Management of Facilities Contracts & failure to maintain assets to a good H&S and operational standard	DCS	9	4	36	APMD	9	3	27	 ↑	Annual Monthly Inspections & Review.	APMD	Asset Management plan 2019/20 and 2020/21 to address condition survey	Asset Management plan 2019/20 and 2020/21 to address condition survey

LEISURE SERVICE CONTRACT SUB RISK REGISTER AS AT 19 SEPTEMBER 2019

Risk ID	Risk Name	Inherent Risk Score			Residual Risk Score			Sources of Assurance	Further Actions Needed to reduce Risk	Deadline for Completion Actions	Officer(s) Responsible	Comments 19/09/2019	Comments 20/09/2019
		Lead	Impact	Likelihood	Total Score	Impact	Likelihood						
SR 3	Resources Inadequate I.T. Infrastructure/ Systems/Data for new LSC.	DFR	7	5	36	7	5	35	Review for Procurement process Review for new Contract post 2020	31/03/2020	DFR	Systems and licences decoupling progressing Payroll review re post 2020 requirements complete and awaiting SMT sign-off.	Systems and licences decoupling underway. Payroll review re post 2020 requirements. Current system running on legacy server.
	Inadequate Support Services to mitigate legal challenge during procurement process and to ensure adequate resources for contract mobilisation.	DFR	7	8	68	6	1	6	Support Services Review implemented for the time between Nov 2018 to Oct 2019 then post-April 1st 2020	31/10/2019	DFR	Support Services decoupling for final 3 posts completed over next couple of months	Decoupling predominantly complete. Support Services in place.
SR 4	Financial Management Financial Risks of contractor failure and Authority to assume control of venues	DFR	9	6	54	9	4	36	Budget Review & MTFP Explore the setting up of skeleton trust	31/09/2019	DCS	Planned Autumn action.	Planned Summer/ Autumn action.
SR5	Governance & Leadership Contractor fails to provide the governance structures and leadership to deliver the statutory, financial and best practice requirements of the contract.	CEO	7	7	49	7	2	14	Review Authority/ Contractor SMT meetings. LSC Remit order documentation Specification compliance and due diligence	30/11/2019	CEO	Best and Final submissions due mid September and final evaluation. Final bidders meet requirements.	Tender evaluation June/July

LEISURE SERVICE CONTRACT SUB RISK REGISTER AS AT 19 SEPTEMBER 2019

Risk ID	Risk Name	Inherent Risk Score			Residual Risk Score			Total Score	Likelihood	Impact	Source of Assurance	Further Actions Needed to reduce Risk	Deadline for Completion Actions	Officers(s) Responsible	Comments 19/09/2019	Comments 20/06/2019		
		Lead	Impact	Likelihood	Lead	Impact	Likelihood											
SR6	Reputation/Communication Retendering of the contract requires engagement in the wider market including the existing contractor. Failure to deliver a fair and transparent process could damage the Authority's reputation in this and future tendering processes	HSL	7	7	49			5	1	5			Tolerate (if Treat, further actions needed)	PR/Comms team to manage external communications Employment of Stakeholder engagement consultants	31/05/2019	HSL	Complete	Predominantly complete.
SR7	Business Continuity Inadequate business continuity implementation during procurement phase and during mobilisation of new contract.	CEO	7	7	49			7	4	28			Treat	Audit Recommendations implemented Further training and testing. Align Contractor Risk Register - to Authority risk register to ensure continuity	Quarterly Monitoring	HSL	Trust provided assurances between now and the end of the current contract. Ongoing monitoring continues plus quarterly reports to Executive.	Trust provided assurances between now and the end of the current contract. Ongoing monitoring continues plus quarterly reports to Executive.

LEISURE SERVICE CONTRACT SUB RISK REGISTER AS AT 19 SEPTEMBER 2019

Risk ID	Risk Name	Inherent Risk Score			Residual Risk Score			Further Actions Needed to reduce Risk	Deadline for Completion Actions	Officer(s) Responsible	Comments 19/09/2019	Comments 20/09/2019
		Lead	Impact	Likelihood	Total Score	Impact	Likelihood					
SR8	Major Business Developments Leisure Services Contract Refunder Failure in Strategic Risks 1-7 above in the refunder of the Leisure Services Contract	CEO	9	5	45	8	4	32	Treat	CEO	Comments set out above. Tender Exercise still on target	Comments set out above. Tender Exercise still on target
	Leisure Services Contract Refunder Failure to appoint contractor for new Leisure Service Contract.	CEO	8	3	24	8	3	24	Treat	CEO	Comments set out above. Tender Exercise still on target	Comments set out above. Tender Exercise still on target

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Score 45-61 High Risk  
 Score 18-42 Moderate risk  
 Score 1- 16 Low risk

Progress in a positive direction in reducing the risk  
 Progress is negative and risk is getting worse.  
 Progress static subject to actions or as risk is "tolerated"



## Risk Appetite

Risks are currently assessed using a 1-9 scale for both impact and likelihood. The Authority's risk appetite is then defined using the scoring matrix below.

Impact	9	9	18	27	36	45	54	63	72	81
	8	8	16	24	32	40	48	56	64	72
	7	7	14	21	28	35	42	49	56	63
	6	6	12	18	24	30	36	42	48	54
	5	5	10	15	20	25	30	35	40	45
	4	4	8	12	16	20	24	28	32	36
	3	3	6	9	12	15	18	21	24	27
	2	2	4	6	8	10	12	14	16	18
	1	1	2	3	4	5	6	7	8	9
		1	2	3	4	5	6	7	8	9

Likelihood

Those risks with a residual score in the green zone are generally considered to be managed to an acceptable level and hence limited or no further actions would be expected.

For those risks with a residual score in the amber zone, the exposure is considered to be partially acceptable. Further actions would be needed to lower this into the green zone, although a decision has to be made as to whether this is cost effective, given that resources are constrained.

Those risks with a residual score in the red zone are considered to have an exposure that is at an unacceptable level and hence further actions are needed to lower this.

On some occasions a decision may be made to accept a higher level of residual risk, although this will be subject to ongoing review and consideration at both Senior Management Team and Member level.

## Scoring Criteria

Each risk is scored on the basis of the following criteria for impact and likelihood, both for inherent and residual risk. Whilst the assessment remains subjective, these criteria serve as a guide and are used to help ensure consistency in scoring across each of the risks identified.

	<b>Impact</b>	<b>Likelihood</b>
1	No impact	<1% likely to occur in next 12 months
2	Financial loss up to £1,000 or no impact outside single objective or no adverse publicity	1%-5% likely to occur in next 12 months
3	Financial loss between £1,000 and £10,000 or no impact outside single objective or no adverse publicity	5%-10% likely to occur in next 12 months
4	Financial loss between £10,000 and £25,000 or minor regulatory consequence or some impact on other objectives	10%-20% likely to occur in next 12 months
5	Financial loss between £25,000 and £50,000 or impact on other objectives or local adverse publicity or strong regulatory criticism	20%-30% likely to occur in next 12 months
6	Financial loss between £50,000 to £250,000 or impact on many other processes or local adverse publicity or regulatory sanctions (such as intervention, public interest reports)	30%-40% likely to occur in next 12 months
7	Financial loss between £250,000 to 500,000 or impact on strategic level objectives or national adverse publicity or strong regulatory sanctions	40%-60% likely to occur in next 12 months
8	Financial loss between £500,000 to £1 million or impact at strategic level or national adverse publicity or Central Government take over administration	60%-80% likely to occur in next 12 months
9	Financial loss above £1 million or major impact at strategic level or closure/transfer of business	>80% likely to occur in next 12 months