

**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.

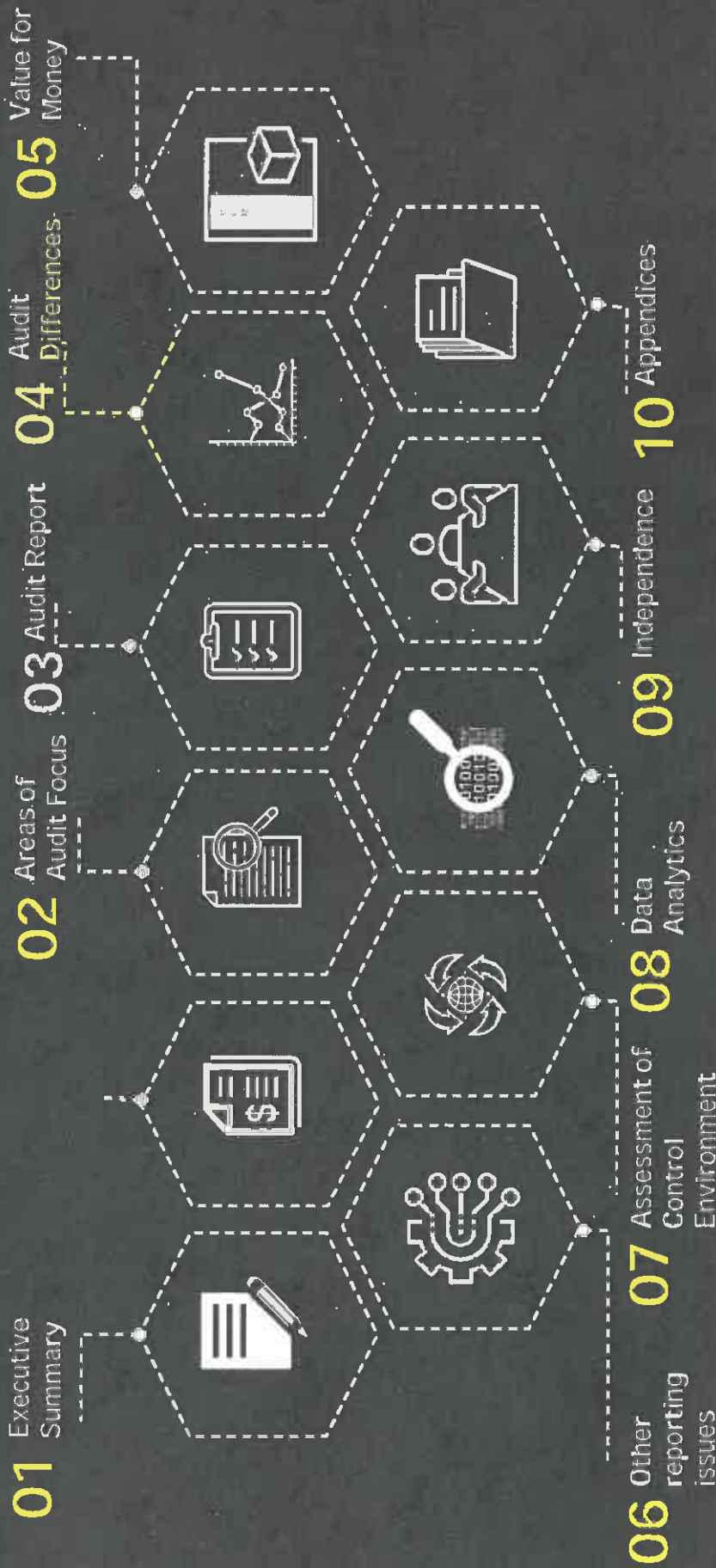
We would like to thank your staff for their help during the engagement which has run smoothly and has been founded on excellent cooperation. Particularly so as we delayed the start of the audit to July 2019 following our resource constraints resulting from overrunning Major Local Audits.

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



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.psaaltd.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

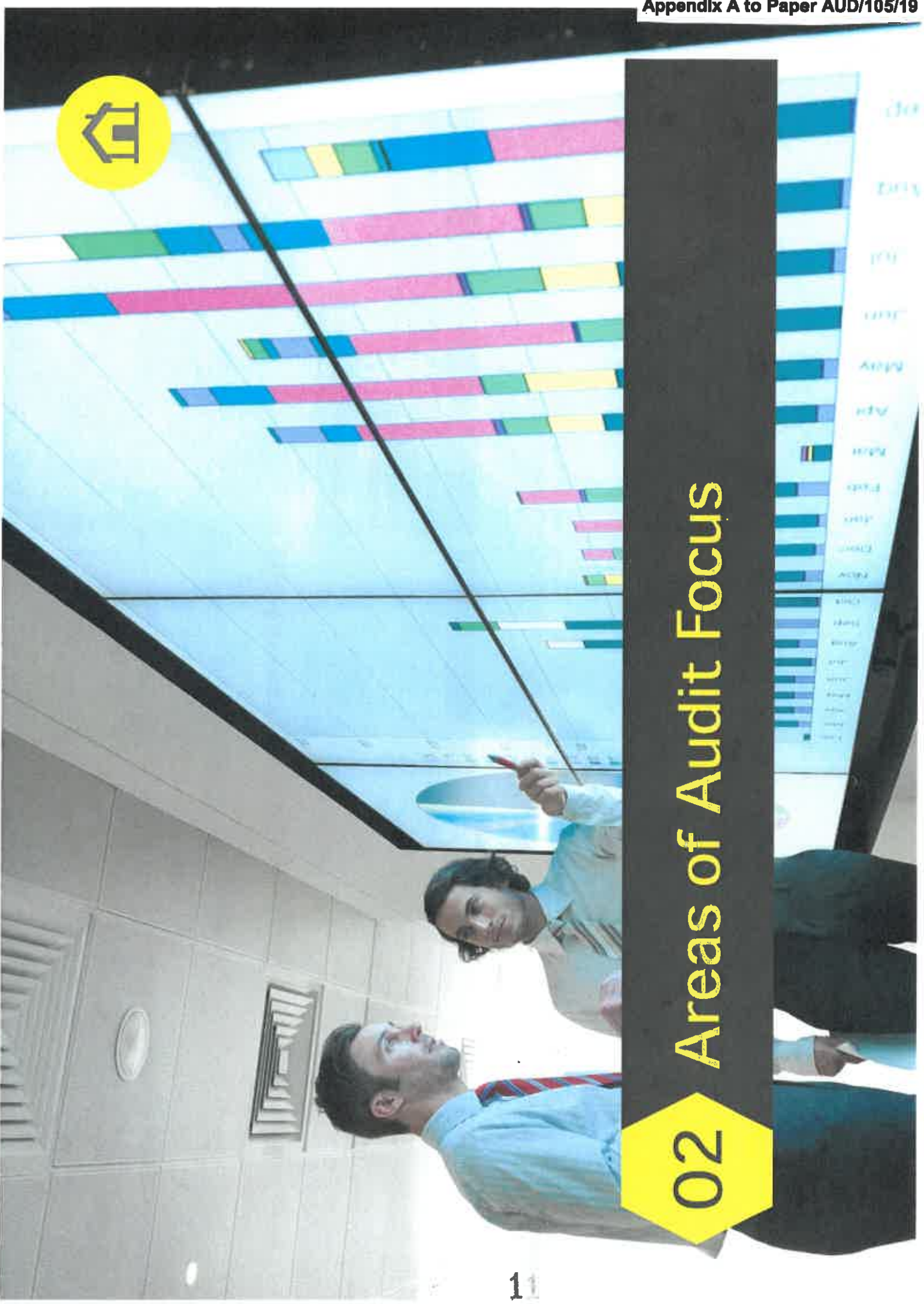
We have considered your arrangements to take informed decisions; deploy resources in a sustainable manner; and work with partners and other third parties. We have no matters to report about your arrangements to secure economy efficiency and effectiveness in your use of resources.

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 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 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

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.

 Significant Risk

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 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.

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:



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 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

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 assumptions and our estimate of the 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 asset did not meet the definition of assets held for sale as at 31st March 2019. We have no other matters to report from the completion of our audit procedures.



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:

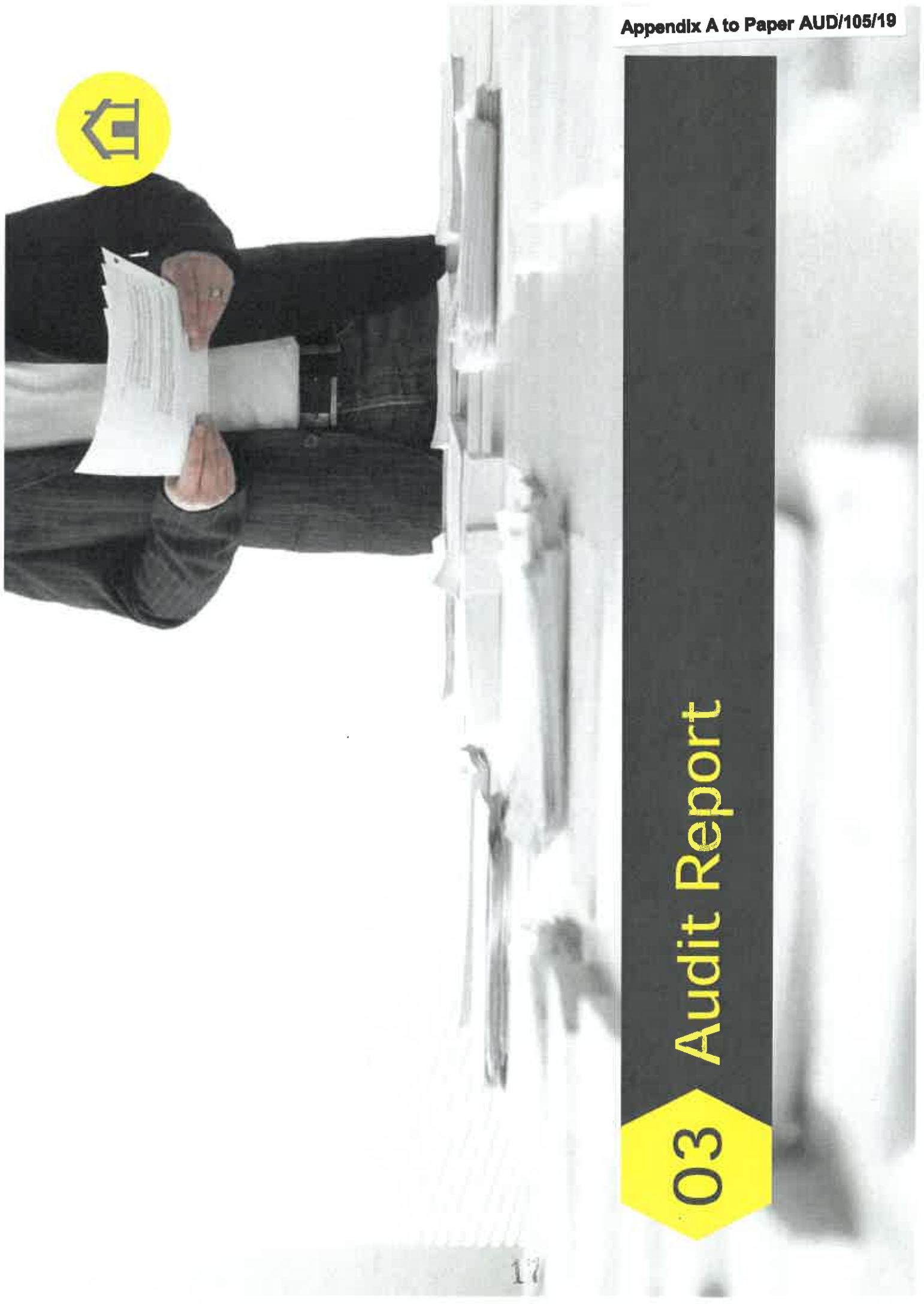
- IFRS 9 – Financial instruments
- IFRS 15 – Revenue from contracts
- IFRS 16 – Leases

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/LASAC 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

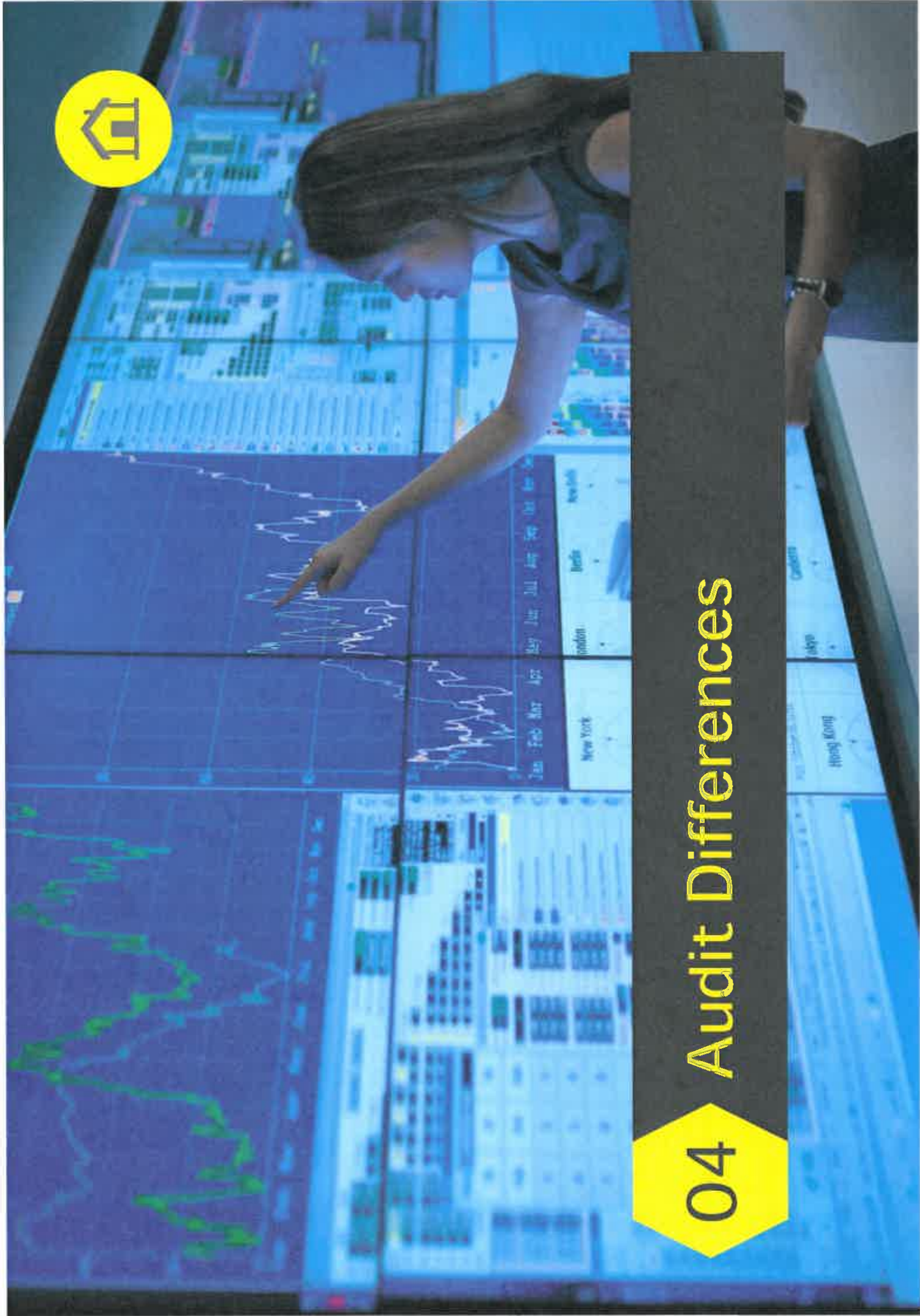
We certify that we have completed the audit of the accounts of the Lee Valley Regional Park Authority in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice issued by the National Audit Office.

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 £811k 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.

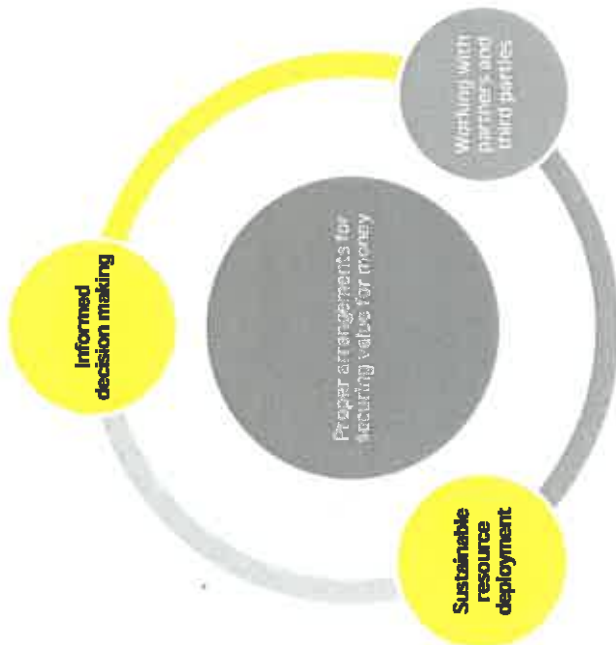
A smiling woman with dark hair, wearing a grey blazer over a white top, stands in a modern office hallway with large windows and a glass railing. The background is slightly blurred, showing the architectural details of the office.

Value for Money Risks

05



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.

Commercialisation decisions to generate income and maximise the return from assets

Take informed decisions Work with partners and other third parties

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

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.

Assessment of Control Environment

07





Assessment of Control Environment

Page 27 of 30

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.

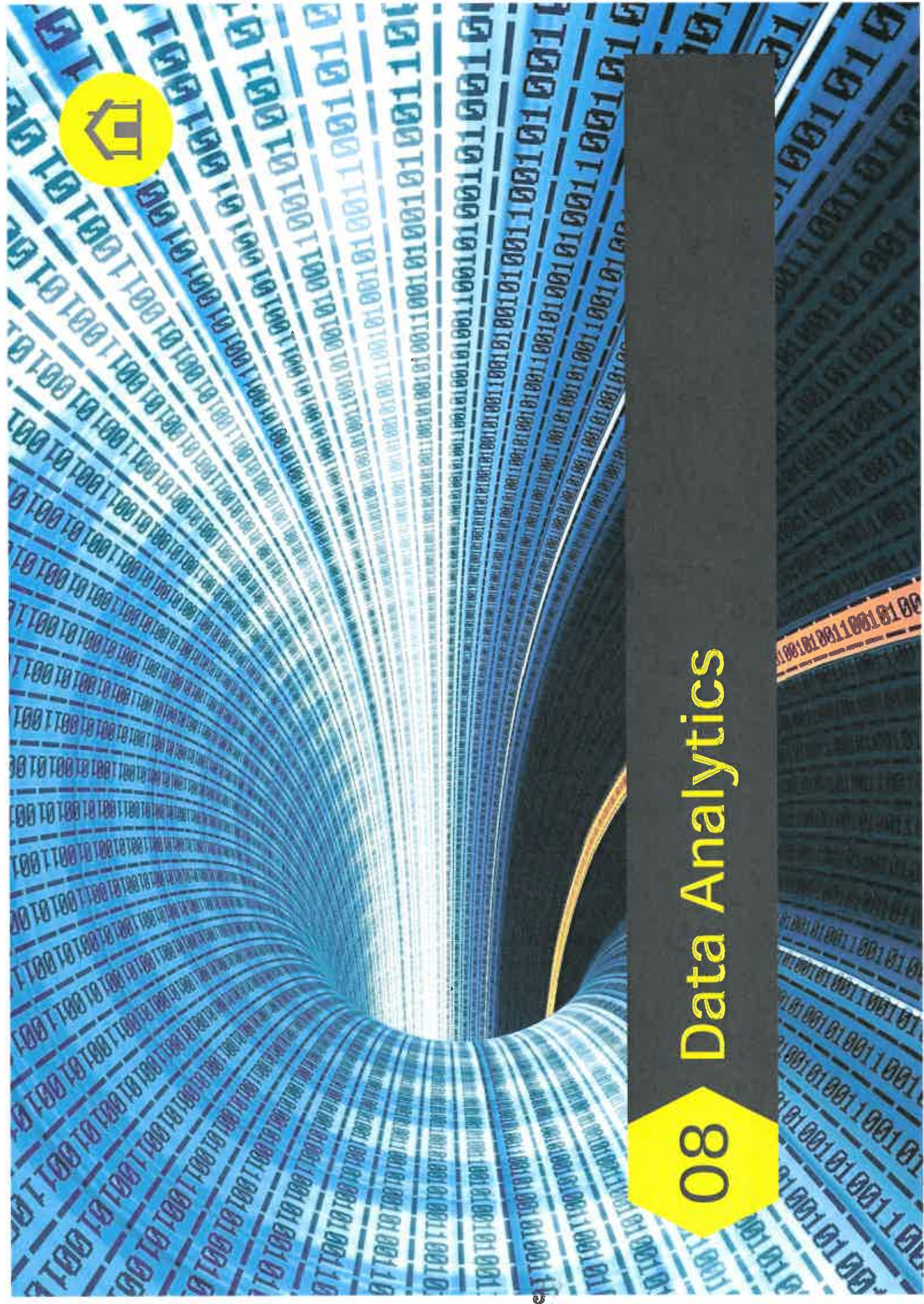
As part of our audit of the financial statements, we obtained an understanding of internal control sufficient to plan our audit and determine the nature, timing and extent of testing performed. As we have adopted a fully substantive approach, we have therefore not tested the operation of controls.

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





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

We consider that our independence in this context is a matter which you should review, as well as us. It is important that you and your Audit Committee consider the facts known to you and come to a view. If you would like to discuss any matters concerning our independence, we will be pleased to do this at the meeting of the Audit Committee on 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		14,337	18,619
Additional fees (see Note)	TBC		TBC		0		0	0
Total audit	14,337		14,337		14,337		14,337	18,619
Other non-audit services not covered above	0		0		0		0	0
Total fees	14,337		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



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

Required communications

What is reported?

When and where

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

Required communications	What is reported?	When and where
<p>Related parties</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"> • Non-disclosure by management • Inappropriate authorisation and approval of transactions • Disagreement over disclosures, Non-compliance with laws and regulations • Difficulty in identifying the party that ultimately controls the Authority 	<p>Audit Results Report – September 2019</p>
<p>Independence</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"> • The principal threats • Safeguards adopted and their effectiveness • An overall assessment of threats and safeguards • Information about the general policies and process within the firm to maintain objectivity and independence <p>Communications whenever significant judgments are made about threats to objectivity and independence and the appropriateness of safeguards put in place.</p> <p>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"> • Relationships between EY, the company and senior management, its affiliates and its connected parties • Services provided by EY that may reasonably bear on the auditors' objectivity and independence • Related safeguards • Fees charged by EY analysed into appropriate categories such as statutory audit fees, tax advisory fees, other non-audit service fees • A statement of compliance with the Ethical Standard, including any non-EY firms or external experts used in the audit 	<p>Audit Plan – February 2019 and Audit Results Report – September 2019</p>

Appendix A

Our Reporting to you	When and where
Required communications	What is reported?
	<ul style="list-style-type: none"> • 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	<ul style="list-style-type: none"> • Management's refusal for us to request confirmations • Inability to obtain relevant and reliable audit evidence from other procedures.
Consideration of laws and regulations	<ul style="list-style-type: none"> • Subject to compliance with applicable regulations, matters involving identified or suspected non-compliance with laws and regulations, other than those which are clearly inconsequential and the implications thereof. Instances of suspected non-compliance may also include those that are brought to our attention that are expected to occur imminently or for which there is reason to believe that they may occur • Enquiry of the audit committee into possible instances of non-compliance with laws and regulations that may have a material effect on the financial statements and that the audit committee may be aware of
Significant deficiencies in internal controls identified during the audit	<ul style="list-style-type: none"> • Significant deficiencies in internal controls identified during the audit.
	<p>We have received all requested confirmations</p> <p>We have asked management and those charged with governance. We have not identified any material instances or non-compliance with laws and regulations</p>
	<p>Audit Results Report – September 2019</p>

Appendix A

Required communications	What is reported?	When and where
Written representations	<ul style="list-style-type: none"> • Written representations we are requesting from management and/or those charged with governance 	Audit Results Report -September 2019
Material inconsistencies or misstatements	<ul style="list-style-type: none"> • Material inconsistencies or misstatements of fact identified in other information which management has refused to revise 	Audit Results Report -September 2019
Auditors report	<ul style="list-style-type: none"> • Any circumstances identified that affect the form and content of our auditor's report 	Audit Results Report - September 2019
Fee Reporting	<ul style="list-style-type: none"> • Breakdown of fee information when the audit plan is agreed • Breakdown of fee information at the completion of the audit • Any non-audit work 	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 Leo Valley Regional Park Authority ("the Authority") for the year ended 31 March 2018. We appreciate 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 Leo 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 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 1st of 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, facilities 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 discussed with legal counsel.
 3. We have recorded and/or disclosed, as appropriate, all liabilities related litigation and claims, both actual and contingent, and have disclosed in 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:

- I. Pension Liability
 - II. Property, Plant & Equipment / Investment Properties – Valuation and Impairment
 - 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.

II. 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 cashflows have been identified and properly accounted for.

Yours faithfully,

Director – Finance and Resources (Chief Financial Officer)

Chairman of the Audit Committee

EY | Assurance | Tax | Transactions | Advisory

About EY

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

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

© 2019 EYGM Limited.
All Rights Reserved.

ED None

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

ey.com

This page is blank

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

19 September 2019

E-mail: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

Director – Finance and Resources (Chief Financial Officer)

Chairman of the Audit Committee

This page is blank