



Commissioner for Ethical Standards in Public Life in Scotland
Report to the Audit Advisory Board and the Auditor General for Scotland
on the 2017/18 audit

Issued on 27 July for the meeting 6 August 2018

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Introduction

The key messages in this report

Audit quality is our number one priority. We plan our audit to focus on audit quality and have set the following audit quality objectives for this audit:

- A robust challenge of the key judgements taken in the preparation of the financial statements.
- A strong understanding of your internal control environment.
- A well planned and delivered audit that raises findings early with those charged with governance.

I have pleasure in presenting our final report to the Audit Advisory Board (AAB) of the Commissioner for Ethical Standards in Public Life in Scotland for the 2018 audit. The scope of our audit was set out within our planning report presented to the AAB in February 2018.

This report summarises our findings and conclusions in relation to:

- The audit of the **financial statements**; and
- Consideration of the wider scope requirements of public sector audit. This includes our consideration of the Accountable Officers' duty to secure best value. As set out in our plan, due to the relative size and scale of the functions delivered by the Commissioner's office, we concluded that the full wider scope audit was not appropriate. In accordance with paragraph 53 of the Code, our work in this area was restricted to concluding on:
 - The appropriateness of the disclosures in **the governance statement**; and
 - The **financial sustainability** of the Commissioner's office and the services that it delivers over the medium to longer term.

Introduction (continued)

The key messages in this report – financial statements audit

I would like to draw your attention to the key messages of this paper in relation to the audit of the financial statements:

Conclusions from our testing

- The significant risks, as identified in our audit plan, related to:
 - Achievement of expenditure resource limits; and
 - management override of controls.
- A summary of our work on the significant risks is provided in the dashboard on page 8.
- We have identified two audit adjustments from our procedures to date which have been corrected by management. This is also detailed in the appendices.
- The performance report and annual governance statement comply with the statutory guidance and proper practice and are consistent with the financial statements and our knowledge of the Commissioner's office.
- The auditable parts of the remuneration report have been prepared in accordance with the relevant regulation.
- Based on our audit work, we expect to issue an unmodified audit opinion.

Insights

- We have utilised Deloitte's analytics tool, to perform analytics on the journal entries posted in the year to profile the journal population which has helped us identify journals of audit interest, such as recurring digits or journals with key words. No issues were noted from this testing.

Status of the audit

- The audit is substantially complete subject to the completion of the following principal matters:
 - Receipt of final annual accounts;
 - finalisation of our internal quality control procedures;
 - receipt of signed management representation letter; and
 - our review of events since 31 March 2018.

Introduction (continued)

The key messages in this report – wider scope

The following sets out the key messages of this paper in relation to the wider scope work:

Financial sustainability

The Commissioner's office continues to face a challenging financial position. The Commissioner's office met all of its financial targets in 2017/18 as summarised below. The Commissioner submitted a draft 2018/19 budget to the SPCB in August 2017 for £926k. This was approved by the SPCB in March 2018 and confirmed funding will be provided to cover this during 2018/19. This budget has subsequently been reduced to £915.2k as a result of the SPCB undertaking to provide a Data Protection Officer at no cost. The Commissioner's office expenditure can vary year on year depending on the number of complaints and cases, therefore differences commonly arise between budget and actual expenditure.

<p>2017/18 final outturn position reported an under spend against its cash target of £27k (3.2%).</p> <p>We note that the budget awarded is on a cash basis but expenditure reporting is on an accruals basis.</p>	<p>A budget for 2018/19 of £926k has been approved by the SPCB and confirmed funding will be provided to cover this during 2018/19.</p>	<p>In October 2016, the Commissioner introduced new initial investigation procedures designed to streamline the process. These appear to have had a significant impact and are estimated to account for £60,500 of the decrease in Investigative Officer costs</p>	<p>SPCB only confirms funding allocations for 1 year in advance. This makes it very difficult for the Commissioner's office to plan financially over the medium to longer term</p>
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Governance statement

We have reviewed the annual governance statement for appropriateness of the disclosures in the governance statement or any other issues and best practice. A few changes were suggested to bring this in line with best practice and these have been implemented by management.

Pat Kenny
Audit Director

Our audit explained

Area dimensions

In accordance with the 2016 Code of Audit Practice, we have restricted our wider scope audit work to reviewing:

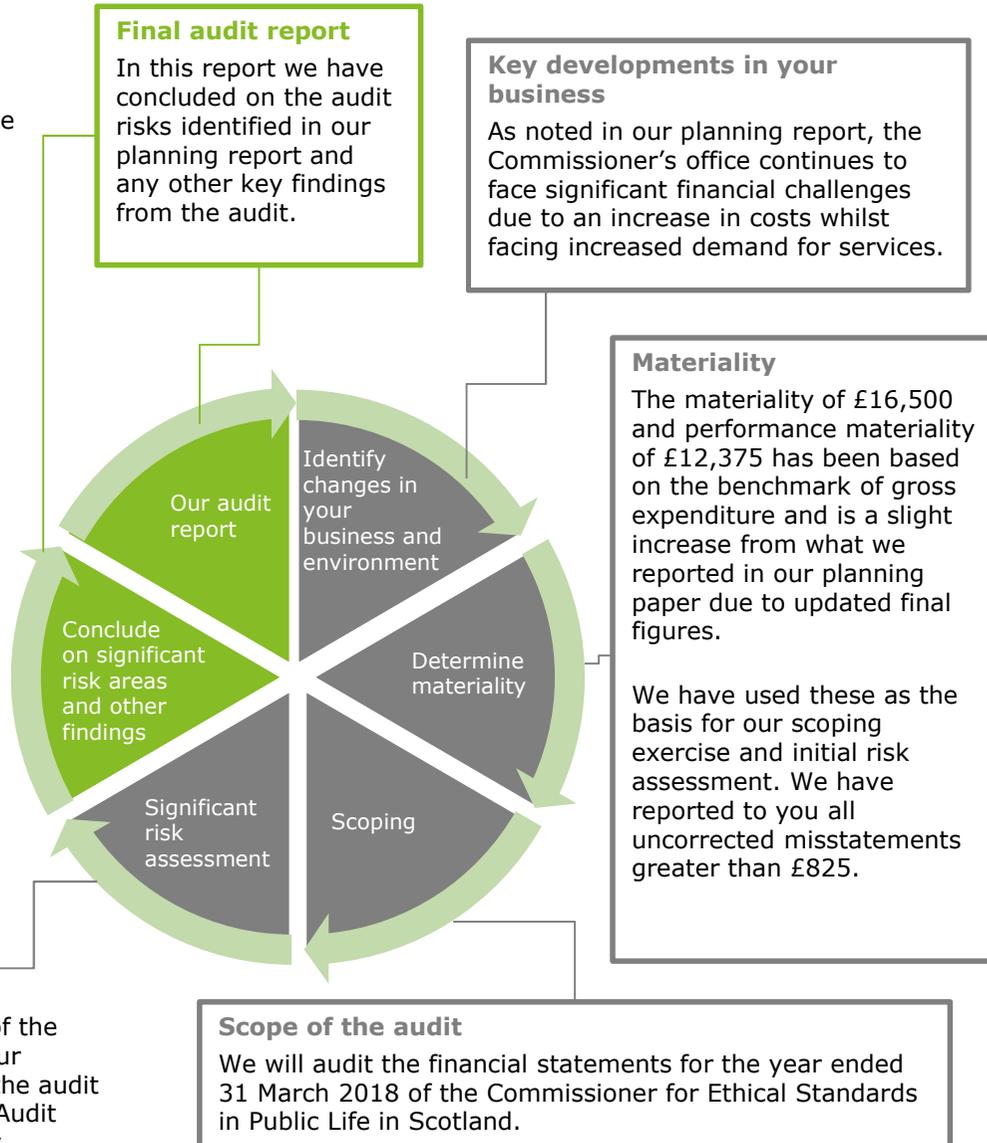
- The governance statement
- Financial sustainability

Significant risks

Our risk assessment process is a continuous cycle throughout the year. Page 8 provides a summary of our risk assessment of your significant risks.

Quality and Independence

We confirm we are independent of the Commissioner's office. We take our independence and the quality of the audit work we perform very seriously. Audit quality is our number one priority.



Timeline 2017/18



Financial statements audit



Significant risks Dashboard

Risk	Material	Fraud risk	Planned approach to controls testing	Controls testing conclusion	Consistency of judgements with Deloitte's expectations	Comments	Slide no.
Achievement of expenditure resource limit			D+I	Satisfactory		Satisfactory	9
Management override of controls			D+I	Satisfactory		Satisfactory	10

Overly prudent, likely to lead to future credit      Overly optimistic, likely to lead to future debit.

D+I: Testing of the design and implementation of key controls

Significant risks (continued)

Risk 1 – Achievement of expenditure resource limits

Risk identified

The key financial duty for the Commissioner's office is to comply with the budget approved by the SPCB to cover cash expenditure and non-cash costs such as depreciation and amortisation.

The risk is therefore that the Commissioner's office materially misstates expenditure in relation to year end transactions, in an attempt to achieve a breakeven position. The significant risk is therefore pinpointed to accruals and prepayments made by management at the year end and invoices processed around the year end as this is the area where there is scope to manipulate the final results.



Key judgements and our challenge of them

Given the financial pressures across the whole of the public sector, there is an inherent fraud risk associated with the recording of accruals and prepayments around year end.

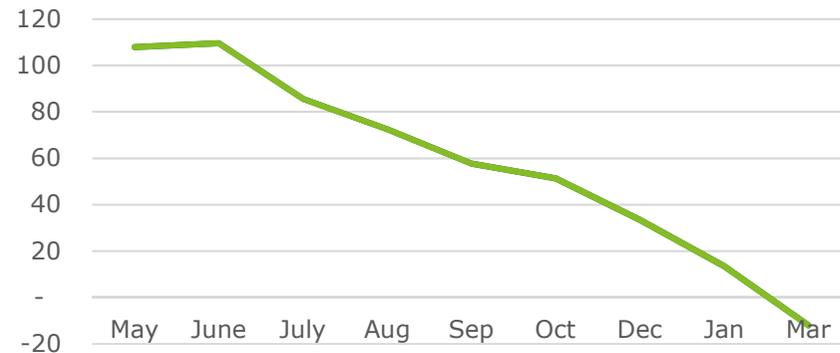


Deloitte response

We have evaluated the results of our audit testing in the context of the allocation of funding provided by the SPCB. Our work in this area included the following:

- obtained independent confirmation of the resource limits allocated to the Commissioner's office by the SPCB;
- performed focused testing of accruals and prepayments made at the year end; and
- performed focused cut-off testing of invoices received and paid around the year end.

Forecast year-end position
(Under)/Over Spend



Deloitte view

We have concluded through the performance of our year end procedures that the expenditure and receipts were incurred or applied in accordance with the applicable enactments and guidance issued by the SPCB and the expenditure is valid and correctly classified.

We confirm that the Commissioner's office has performed within the limits set by the SPCB and therefore is in compliance with the financial targets in the year.

As illustrated in the graph above the Commissioner's office was forecasting to be overspent throughout the year. As the year progressed the overspend decreased due to a decrease in the number of cases and due to a change in investigation procedures which have streamlined procedures.

Significant risks (continued)

Risk 2 - Management override of controls



Risk identified

In accordance with ISA 240 management override is a significant risk. This risk area includes the potential for management to use their judgement to influence the financial statements as well as the potential to override the Commissioner's office's controls for specific transactions.

The key judgments in the financial statements are those which we have selected to be the significant audit risks around recognition of income. This is inherently the areas in which management has the potential to use their judgment to influence the financial statements.

Deloitte view

We have not identified any significant bias in the key judgements made by management.

Deloitte response

We have considered the overall sensitivity of judgements made in preparation of the financial statements, and note that:

- The Commissioner's office results throughout the year were projecting overspends primarily in investigative officer costs. This was closely monitored and whilst projecting overspends, the underlying reasons were well understood and a change in investigative procedures was implemented to streamline the process; and
- management's remuneration is not tied to particular financial results.

We have considered these factors and other potential sensitivities in evaluating the judgements made in the preparation of the financial statements.

Significant transactions

We did not identify any significant transactions outside the normal course of business or any transactions where the business rationale was not clear.

Journals

We have made inquiries of individuals involved in the financial reporting process about inappropriate or unusual activity relating to the processing of journal entries and other adjustments.

We performed design and implementation testing of the controls in place for journal approval. We have used analytics tools to test a sample of journals, based upon identification of items of potential audit interest.

Accounting estimates

In addition to our work on key accounting estimates discussed above, our retrospective review of management's judgements and assumptions relating to significant estimates reflected in last year's financial statements has been completed with no issues noted.

Our audit report

Other matters relating to the form and content of our report

Here we discuss how the results of the audit impact on other significant sections of our audit report. The revisions to ISA (UK) 700 have changed the form and content of audit report, including how different sections are presented.



Our opinion on the financial statements

Our opinion on the financial statements is unmodified.



Material uncertainty related to going concern

We have not identified a material uncertainty related to going concern and will report by exception regarding the appropriateness of the use of the going concern basis of accounting.



Emphasis of matter and other matter paragraphs

There are no matters we judge to be of fundamental importance in the financial statements that we consider it necessary to draw attention to in an emphasis of matter paragraph.

There are no matters relevant to users' understanding of the audit that we consider necessary to communicate in an other matter paragraph.



Other reporting responsibilities

The Annual Report is reviewed in its entirety for material consistency with the financial statements and the audit work performance and to ensure that they are fair, balanced and reasonable.

Opinion on regularity

In our opinion in all material respects the expenditure and income in the financial statements were incurred or applied in accordance with any applicable enactments and guidance issued by the Scottish Ministers.

Our opinion on matters prescribed by the Auditor General for Scotland are discussed further on page 12.



Your annual report

We welcome this opportunity to set out for the Audit Advisory Board our observations on the annual report. We are required to provide an opinion on the remuneration report, the annual governance statement and whether the performance report is consistent with the disclosures in the accounts.

	Management response	Deloitte response
The Performance Report	The report outlines the Commissioner’s performance, both financial and non-financial. It also sets out the key issues and risks.	<p>We have assessed whether the performance report has been prepared in accordance with the accounts direction. No exceptions noted.</p> <p>We have also read the performance report and confirmed that the information contained within is materially correct and consistent with our knowledge acquired during the course of performing the audit, and is not otherwise misleading.</p> <p>Whilst it is important for the annual report to clearly articulate the achievements and future plans (as discussed further on page 19), there is, scope to reduce the level of detail disclosed to ensure the main messages are not lost.</p> <p>We have included elements of good practice for your consideration at page 13.</p>
The Accountability Report	Management have ensured that the accountability report meets the requirements of the FReM, comprising the governance statement, remuneration and staff report and the parliamentary accountability report.	<p>We have assessed whether the information given in the governance statement is consistent with the financial statements and has been prepared in accordance with the accounts direction. No exceptions noted.</p> <p>We have also read the accountability report and confirmed that the information contained within is materially correct and consistent with our knowledge acquired during the course of performing the audit, and is not otherwise misleading.</p> <p>We have also audited the auditable parts of the remuneration and staff report and confirmed that it has been prepared in accordance with the accounts direction.</p>
Going Concern	Management has made appropriate disclosure relating to Going Concern matters.	The 2018/19 budget was approved by the SPCB on 6 March 2018. We have concluded that the plan is sufficiently robust to demonstrate that the Commissioner’s office will be a going concern for 12 months from signing the accounts.

Your annual report

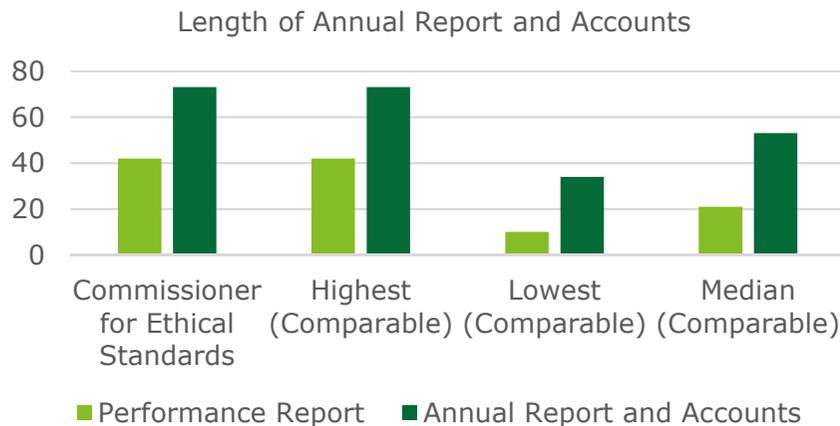
Audit Scotland has issued a series of Good Practice notes to highlight where annual reports can be improved. Although not specific to NDPBs, we would encourage the Commissioner's office to use the findings to assess and enhance their own disclosures to ensure they provide high quality information to stakeholders in their annual accounts.

We have provided below some extracts which should be considered by the Commissioner's office in drafting future annual reports.

Annual Report

The following areas for improvement were identified when reviewing the Commissioners annual report:

- Reduce the length of the performance report, through use of graphics/pictures, signposting to web pages rather than having all detail within the report.
- The performance report in total could be reduced: the average is 5-15 pages, whereas the Commissioner has 42. Review in total and remove irrelevant information, use graphics/pictures/tables to reduce unnecessary narrative.



We have reviewed the annual report and accounts of the Commissioner against comparable clients in terms of size and remit within our public sector portfolio. This shows that the Commissioner sits at the higher end – with the performance report 21 pages longer than the median, and the annual report and accounts as a whole 20 pages longer than the median. Given this, the Commissioner's office should review its annual report and accounts during preparation to ensure any 'boilerplate' information or information which is not important to users is excluded. Although the annual report and accounts must cover a wide breadth of information, it is important that they are concise.

Audit dimensions



Wider scope audit work

Overview

Public audit in Scotland is wider in scope than financial audit. This section of our report sets out our findings and conclusion on our audit work covering the following area. As set out in our plan, due to the relative size and scale of the functions delivered by the Commissioner's office, we concluded that the full wider scope audit was not appropriate. In accordance with paragraph 53 of the Code, our work in this area was restricted to concluding on:

- The appropriateness of the disclosures in the **governance statement**; and
- The **financial sustainability** of the Commissioner's office and the services that it delivers over the medium to longer term.

Our report is structured in accordance with these two specific areas, but also covers our specific audit requirements on best value and specific risks as summarised below.

Best Value (BV)

The Scottish Public Finance Manual sets out that accountable officers appointed by the Principal Accountable Officer for the Scottish Administration have a specific responsibility to ensure that arrangements have been made to secure best value.

We have considered the accountable officers' duty to secure BV as part of the governance arrangements considered as part of the wider scope audit work.

Specific risks (SR)

As set out in our Annual Audit Plan, Audit Scotland had identified a number of specific risks (SRs) faced by the public sector which we have considered as part of our work on the four audit dimensions.

SR 1 – EU Withdrawal

SR 2 – New Financial Powers

SR 3 – Ending public sector pay cap

SR 4 – Cyber security risk

SR 5 – Openness and transparency

Wider scope audit work (continued)

Governance statement

Audit dimension

As part of the annual audit of the financial statements, we have consider the appropriateness of the disclosures in the governance statement.

Areas considered



- The completeness of the disclosures in meeting the requirements of the essential features, as specified in the Scottish Public Finance Manual.
- Inconsistencies between the disclosures or between the disclosures and audit knowledge.

Deloitte view

The governance statement meets the requirements of the Scottish Public Finance Manual and no inconsistencies have been noted.

Deloitte response



Based on our audit work we have not identified for reporting any changes in governance arrangements or any issues of concern in the governance statement.

Wider scope audit work (continued)

Financial sustainability

Audit dimension

As part of the annual audit of the financial statements, we have considered the appropriateness of the use of the going concern basis of accounting. Going concern is a relatively short-term concept looking forward 12 to 18 months from the end of the financial year. Financial sustainability interprets the requirements and looks forward to the medium (two to five years) and longer term (longer than five years) to consider whether the body is planning effectively to continue to deliver its services or the way in which they should be delivered.

Areas considered



- The financial planning systems in place across the shorter and longer terms.
- The arrangements to address any identified funding gaps.
- The affordability and effectiveness of funding and investment decisions made.
- Workforce planning.

Deloitte response



We have monitored the body's actions in respect of its short, medium and longer term financial plans to assess whether financial balance can be achieved.

Deloitte view

The Commissioner's office continues to face an extremely challenging financial position. The Commissioner's office met all of its financial targets in 2017/18.

The Commissioner's draft budget for 2018/19 has been approved by the SPCB. A budget of £926k has been approved, which includes £10.8k funding for new statutory duties under the General Data Protection Regulation coming in to effect.

We recommend the Commissioner's office quantifies the financial impact of an increase in the number of complaints made or cases being undertaken e.g. a 5% increase and a 10% increase in cases.

Wider scope audit work (continued)

Financial sustainability (continued)

Short term financial position

For **2017/18**, the SPCB approved a balanced budget of £838k (2016/17: £958.5k). In 2017-18 the Commissioner's office had £50k of contingency funding approved in March 2017 to cover investigating officer days, however this was not required. In 2016/17, £146k of contingency funding was received to cover the additional costs as a result of the increase in the number and complexity of cases.

The **2018/19** budget was approved by the SPCB in March 2018. This budgeted total expenditure of £926k includes £10.8k of additional funding to cover new statutory duties under General Data Protection Regulation. This budget has subsequently been reduced to £915.2k as a result of the SPCB undertaking to provide a Data Protection Officer at no cost.

In setting its budget the Commissioner's office has recognised that a number of risks exist, such as demand changes. It is very difficult for them to predict the number of complaints that are made or appointment rounds taken. Therefore budget and actual results are often very different.

The Commissioner's office has identified savings required within running costs in order to meet anticipated pay rises whilst still remaining within the budgeted running costs. However, these savings must be recurring in nature and increase year on year for the foreseeable future in the absence of an increase in funding.

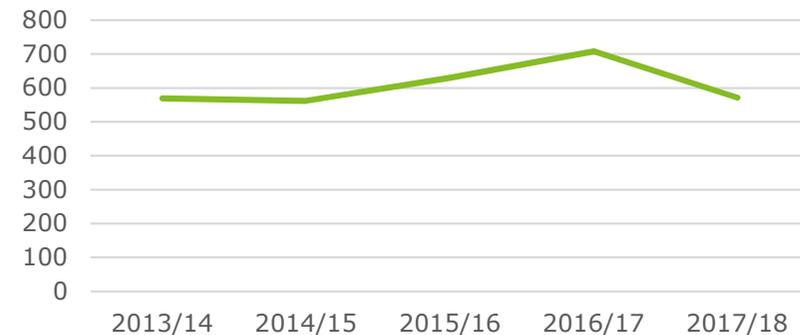
Medium to long term financial sustainability

The Commissioner's office has managed its budget effectively over the last few years, managing to maintain its costs within the expenditure limit.

In recent years the number of days required to investigate each case had increased. This was due to increasing complexity and the weight of evidence frequently provided by complainers and respondents. In October 2016, the Commissioner introduced new initial investigation procedures designed to streamline the process. These appear to have had a significant impact and are estimated to account for £60.5k of the decrease in IO costs in 2017-18.

As illustrated in the graph below we can see the fluctuation in staff costs over the last few years. The increase in 2016/17 being caused by an increase in the number and complexity of cases. The decrease in 2017/18 being caused by new investigative procedures being implemented and a decrease in the number of cases.

Staff Costs



Wider scope audit work (continued)

Specific risks

In accordance with our Audit Plan, we have considered the specific risks identified by Audit Scotland as part of our audit as follows:

Risk identified	Response
<p>EU Withdrawal</p>	<p>The UK is expected to leave the European Union (EU) on 29 March 2019, followed by a transition period to the end of 2020. There are still a lot of uncertainties surrounding the terms of the withdrawal agreement but the outcome will inevitably have significant implications for devolved governments in Scotland and for Scottish public sector bodies.</p> <p>Given the scale of the potential implications and possible timescales for implementing changes, it is critical that public sector bodies are working to understand, assess and prepare for the impact on their organisation. This is likely to include consideration of three areas:</p> <p>Workforce: the extent to which potential changes to migration and trade policies are likely to affect the availability of skilled and unskilled labour.</p> <p>Funding: the extent to which potential changes to funding flows including amounts anticipated under existing EU funding programmes, are likely to affect the finances of the organisation and the activity that such funding supports.</p> <p>Regulation: the extent to which potential changes to regulation across a broad range of areas currently overseen at an EU level are likely to affect the activity of the organisation.</p> <p>The Commissioner’s office has noted that this is unlikely to have a significant impact on its operations but should keep a watching brief as the details are developed.</p>
<p>New financial powers</p>	<p>The Scottish Parliament’s new financial and social security powers and responsibilities from the 2012 and 2016 Scotland Acts are fundamentally changing the Scottish public financials. The Scottish Government will publish its medium-term financial strategy in 2018 in response to recommendations in the Budget Process Review Group final report, and has made a number of other commitments to improve financial management and help Parliamentary scrutiny of decisions.</p> <p>As a result of this, there is an expectation that public bodies will be seen before subject committees of the Parliament more often. The Commissioner's office should therefore use this as an opportunity to make comment within their annual reports beyond the compliance requirements to clearly articulate their achievements against outcomes and future plans.</p>
<p>Ending public sector pay cap</p>	<p>As discussed on page 17, the 2018/19 budget includes pay awards which have been aligned to the thresholds set out by the Cabinet Secretary in the Stage 1 debate on 31 January 2018.</p>

Wider scope audit work (continued)

Specific risks (specific risks)

Risk identified	Response
Cyber security risk	The Commissioner completed his Cyber Essentials pre-assessment on 26 June 2018. There were nine findings – none of a serious nature. One has already been addressed, six can be addressed centrally through ICT group policy and are currently being implemented by the ICT support contractor and the remaining two require a policy to be updated. The Commissioner’s office aim to have these in place and the online assessment completed by end of August. It also plans to undertake the onsite accreditation for Cyber Essentials Plus in early September.
Openness and transparency	From our audit work, we are satisfied that the Commissioner’s office is appropriately open and transparent in its operations and decision making.

Technical update



Technical Update

New accounting standards for 2018/19 and 2019/20

IFRS 9, Financial instruments and **IFRS 15, Revenue from contracts with customers**, have been adopted for the 2018/19 Government Financial reporting manual (FRoM). These new standards are not expected to have a significant impact on Scottish Parliamentary office holders.

The effective date of **IFRS 16 Leases is 1 January 2019**, therefore will apply to Scottish Parliamentary office holders from 2019/20, subject to both EU and HM Treasury adoption.

IFRS 16 removes the existing classifications of operating and finance leases under IAS 17 *Leases* for lessees.

It requires that a lessee recognises assets and liabilities for all leases with a term of more than 12 months unless the underlying asset is of low value. A lessee will recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing the lessee's obligation to make lease payments for the asset.

Potential impact on the Commissioner's office

The Commissioner's office has a service level agreement with the Scottish Legal Aid Board for their office accommodation. Accommodation fees are recharged at cost as agreed each year. Either party may give one year's written notice. Given that the term is less than 12 months the assets and liabilities should not be recognised.

Appendices



Purpose of our report and responsibility statement

Our report is designed to help you meet your governance duties

What we report

Our report is designed to help the Audit Advisory Board and the Commissioner's office discharge their governance duties. It also represents one way in which we fulfil our obligations under ISA 260 (UK) to communicate with you regarding your oversight of the financial reporting process and your governance requirements. Our report includes:

- Results of our work on key audit judgements and our observations on the quality of your Annual Report.
- Our internal control observations
- Other insights we have identified from our audit

What we don't report

As you will be aware, our audit was not designed to identify all matters that may be relevant to the Commissioner's office.

Also, there will be further information you need to discharge your governance responsibilities, such as matters reported on by management or by other specialist advisers.

Finally, our views on internal controls and business risk assessment should not be taken as comprehensive or as an opinion on effectiveness since they have been based solely on the audit procedures performed in the audit of the financial statements and the other procedures performed in fulfilling our audit plan.

We welcome the opportunity to discuss our report with you and receive your feedback.

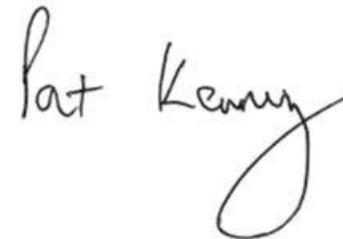
The scope of our work

Our observations are developed in the context of our audit of the financial statements.

We described the scope of our work in our audit plan and the supplementary "Briefing on audit matters" circulated separately.

This report has been prepared for the Audit Advisory Board and the Commissioner's office, as a body, and we therefore accept responsibility to you alone for its contents.

We accept no duty, responsibility or liability to any other parties, since this report has not been prepared, and is not intended, for any other purpose.



for and on behalf of Deloitte LLP
Glasgow
27 July 2018

Audit adjustments

Summary of corrected and uncorrected misstatements and disclosure deficiencies

Corrected misstatements

The following corrected misstatements have been identified up to the date of this report which management have agreed to adjust in the final accounts. The net impact of this is a decrease of £14,958 in the total comprehensive expenditure for the period.

		Debit/ (credit) statement of comprehensive net expenditure £	Debit/ (credit) in net assets £	Debit/ (credit) prior year taxpayers equity £	Debit/ (credit) in revenue £	If applicable, control deficiency identified
Debit in accruals	[1]		40,40 (4,040)			n/a
Over-accrual	[2]	(14,958)	14,958			n/a
Total		(14,958)	14,958			

[1] Debit balance relating to staff member not working all their contracted hours was sitting in accruals. This has been adjusted for in the final accounts.

[2] Accrual relating to website development services which are to be provided in 2018/19 were incorrectly accrued for in the current year.

Uncorrected misstatements

No uncorrected misstatements have been identified from our audit work performed to date.

Disclosure misstatements

Auditing standards require us to highlight significant disclosure misstatements to enable audit committees to evaluate the impact of those matters on the financial statements. We have noted no material disclosure deficiencies in the course of our audit work to date.

Action plan

Recommendations for improvement

Area	Recommendation	Management Response	Responsible person	Target Date	Priority
Financial Planning	We recommend the Commissioner's office quantifies the financial impact of an increase in the number of complaints made or cases being undertaken e.g. a 5% increase and a 10% increase	We are happy to agree to the recommendation and will undertake this as part of our process for developing our budget bid for 2019/20.	Business Manager	September 2018	Medium

Fraud responsibilities and representations

Responsibilities explained



Responsibilities:

The primary responsibility for the prevention and detection of fraud rests with management and those charged with governance, including establishing and maintaining internal controls over the reliability of financial reporting, effectiveness and efficiency of operations and compliance with applicable laws and regulations. As auditors, we obtain reasonable, but not absolute, assurance that the financial statements as a whole are free from material misstatement, whether caused by fraud or error.



Required representations:

We have asked the Commissioner to confirm in writing that he disclose to us the results of his own assessment of the risk that the financial statements may be materially misstated as a result of fraud and that he is not aware of any fraud or suspected fraud that affects the entity.

We have also asked the Commissioner to confirm in writing his responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud and error.



Audit work performed:

In our planning we identified the risk of fraud in the achievement of expenditure resource limits and management override of controls as a key audit risk for your organisation.

During course of our audit, we have had discussions with management and those charged with governance.

In addition, we have reviewed management's own documented procedures regarding fraud and error in the financial statements.

Concerns:

No concerns have been identified regarding fraud.



Independence and fees

As part of our obligations under International Standards on Auditing (UK and Ireland), we are required to report to you on the matters listed below:

Independence confirmation	We confirm that we comply with APB Ethical Standards for Auditors and that, in our professional judgement, we and, where applicable, all Deloitte network firms are independent and our objectivity is not compromised.
Fees	<p>The audit fee for 2017/18 is £13,125 as detailed in our Audit Plan.</p> <p>No non-audit fees have been charged by Deloitte in the period.</p>
Non-audit services	In our opinion there are no inconsistencies between APB Ethical Standards for Auditors and the company's policy for the supply of non-audit services or any apparent breach of that policy. We continue to review our independence and ensure that appropriate safeguards are in place including, but not limited to, the rotation of senior partners and professional staff and the involvement of additional partners and professional staff to carry out reviews of the work performed and to otherwise advise as necessary.
Relationships	<p>We are required to provide written details of all relationships (including the provision of non-audit services) between us and the organisation, its management and its affiliates, including all services provided by us and the DTTL network to the audited entity, its management and its affiliates, and other services provided to other known connected parties that we consider may reasonably be thought to bear on our objectivity and independence.</p> <p>We are not aware of any relationships which are required to be disclosed.</p>



Events and publications

Our publications and insights to support the Commissioner's office

Publications

The State of the State 2017-18

Citizens, government and business

This year's report finds the UK government amid the complex challenge of leaving the EU. Inevitably, this early phase of EU exit is taking place under intense media scrutiny and passionate political debate. But while EU exit issues may dominate headlines, the public services face more local challenges as they address rising demand, budget restraint and renewed levels of concern about social inequality.

The State of the State 2017-18 explores government through three lenses – the citizen lens, the public sector lens and the business lens.

Download a copy of our publication here:

<https://www2.deloitte.com/uk/en/pages/public-sector/articles/state-of-the-state.html>



Sharing our informed perspective

We believe we have a duty to share our perspectives and insights with our stakeholders and other interested parties including policymakers, business leaders, regulators and investors. These are informed through our daily engagement with companies large and small, across all industries and in the private and public sectors.

Recent publications relevant to the local authorities are shared opposite:

Article: Public sector transformation

Five lessons from the private sector

An analysis of private sector global companies, including high-tech start-ups, manufacturers, banks, retailers and insurance firms, reveal five valuable lessons for the public sector.

Read the full article here:

<https://www2.deloitte.com/uk/en/pages/public-sector/articles/public-sector-transformation.html>



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