

Annual governance report

Torbay Council

Audit 2011/12



Contents

Key messages	3
Before I give my opinion and conclusion	5
Financial statements	6
Value for money	11
Fees	13
Appendix 1 – Draft independent auditor’s report	14
Appendix 2 – Draft letter of management representation	19
Appendix 3 – Glossary	22
Appendix 4 – Action plan	25

Key messages

This report summarises the findings from the 2011/12 audit which is substantially complete. It includes the messages arising from my audit of your financial statements and the results of the work I have undertaken to assess your arrangements to secure value for money in your use of resources.

Financial statements

As at 19 September I expect to issue an unqualified audit opinion, subject to satisfactory clearance of the following outstanding matters:-

- Assurance over completeness of related parties;
- Completion of our review of the Council's group accounts;
- Final review of the amended financial statements; and
- Completion of audit closing steps.

At this point in time, my audit has not identified any errors which will adjust the primary financial statements. I have identified amendments to disclosures made in the supporting notes to the statements. The financial statements will be updated for the issues raised so that there are no uncorrected misstatements.

The audit was facilitated by assistance from the finance team who responded to all queries in a timely manner. However, we found that working papers provided to support some areas of the financial statements were not clear and in these cases further clarification was required. In some instances additional working papers had to be created to demonstrate the audit trail back to the financial statements.

Value for money (VFM)

I expect to conclude that you have made proper arrangements to secure economy, efficiency and effectiveness in your use of resources.

The Council has proper arrangements to support good financial governance. It has appropriate financial planning arrangements which clearly set out the medium term financial plans and associated risks to delivery.

I concluded that the Council has appropriate arrangements in place for prioritising its resources. The Council has arrangements in place to improve efficiency and effectiveness including clear performance management arrangements and use of local and national benchmarking.

Certificate

At the conclusion of the audit work for 2011/12 I will issue the audit certificate. In addition to the outstanding items referred to above the Whole Government Account (WGA) return has not yet been issued.

I expect to complete the outstanding work and issue my certificate by 30 September 2012.

Before I give my opinion and conclusion

My report includes only matters of governance interest that have come to my attention in performing my audit. I have not designed my audit to identify all matters that might be relevant to you.

Independence

I can confirm that I have complied with the Auditing Practices Board's ethical standards for auditors, including ES 1 (revised) - Integrity, Objectivity and Independence.

I am not aware of any relationships that may affect the independence and objectivity of the Audit Commission, the audit team or me, that I am required by auditing and ethical standards to report to you.

.The Audit Commission's Audit Practice has not undertaken any non-audit work for the Authority during 2011/12.

I ask the Audit Committee to:

- take note of the outstanding matters;
- take note of the adjustments to the disclosure notes in the financial statements included in this report (table 2);
- approve the letter of representation (appendix 2), on behalf of the Authority before I issue my opinion and conclusion; and
- agree your response to the proposed action plan (appendix 4).

Financial statements

The Authority's financial statements and annual governance statement are important means by which the Authority accounts for its stewardship of public funds. As elected Members you have final responsibility for these statements. It is important that you consider my findings before you adopt the financial statements and the annual governance statement.

Opinion on the financial statements

Subject to satisfactory clearance of outstanding matters, I plan to issue an audit report including an unqualified opinion on the financial statements. Appendix 1 contains a copy of my draft audit report.

Uncorrected errors

There are no uncorrected errors I need to report to you.

Corrected errors

My audit did not identify any errors which adjusted the primary financial statements. I did identify amendments to disclosures made in the supporting notes to the statements. The financial statements have been updated for the issues raised so that there are no uncorrected misstatements.

I have outlined the significant disclosure issues in Table 2, where I report to you the qualitative aspects of your accounting practices.

Significant risks and my findings

I reported to you in my February 2012 Audit Plan the significant risks that I identified relevant to my audit of your financial statements. In Table 1 I report to you my findings against each of these risks.

Table 1: Risks and findings

Risk	Finding
Financial Pressures	<p>I evaluated the management controls in place to manage the financial reporting risks relating to the wider financial environment.</p> <p>I also undertook testing to check that the financial statements were materially correctly stated, this included:-</p> <ul style="list-style-type: none"> ■ testing of accounting estimates; ■ testing that income and expenditure had been recognised in the right year; and ■ testing journal entries and reviewing any significant one-off transactions. <p>My testing has not identified any significant issues to bring to your attention.</p>
Group Accounts	<p>I reviewed the Council's assessment and identification of group entities and documented my understanding of the group including its legal, management and operating structure.</p> <p>I evaluated the consolidation process used by the Council to enable group accounts to be produced effectively.</p> <p>I also undertook transaction testing to check the financial statements were materially correctly stated.</p> <p>To date my testing has not identified any significant issues to bring to your attention.</p>

Significant weaknesses in internal control

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. My 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.

I have tested the controls of the Authority only to the extent necessary for me to complete my audit. I am not expressing an opinion on the overall effectiveness of internal control. I have reviewed the Annual Governance Statement and can confirm that:

- it complies with the requirements of CIPFA/SOLACE Delivering Good Governance in Local Government Framework; and
- it is consistent with other information that I am aware of from my audit of the financial statements.

Other matters

I am required to communicate to you significant findings from the audit and other matters that are significant to your oversight of the Authority's financial reporting process including the following.

- Qualitative aspects of your accounting practices.
- Matters specifically required by other auditing standards to be communicated to those charged with governance. For example, issues about fraud, compliance with laws and regulations, external confirmations and related party transactions.
- Other audit matters of governance interest

I have the following issues to bring to your attention as set out in Table 2.

Table 2: **Other matters**

Issue	Finding
Valuers Report	<p>The Council employed the asset management team within the Torbay Development Agency to undertake a valuation of its property portfolio. This is completed through a five year rolling program. As part of this the Valuer is required to agree their instructions of engagement with the Council and to confirm these in writing before issuing the valuation report.</p> <p>My review of the valuation certificate and report against the agreed instructions identified that although the valuer had undertaken the work, it was not included in the report. Specifically it did not include the following matters:</p> <ul style="list-style-type: none">• the Valuer's proposed strategy for the rolling program of valuation reviews;• the arrangements for implementing the rolling program; and• the proposals for carrying out additional and ad hoc valuations. <p>The Council had also instructed the Valuer to undertake a reconciliation of the property terrier to the asset register. This initially had not been completed, but has been during the course of this audit.</p> <p>The reconciliation identified a total of 128 assets that were recorded on the property terrier but not in the asset register. The Valuer has since conducted a desktop review of</p>

Issue	Finding
	these assets which has provided assurances that their values are not individually or collectively material.
Note 16 – Financial Instruments	<p>The 1 April 2010 comparative figure for long term debtors within Note 16 (£0.7m) was inconsistent with the figure shown in Note 20 debtors (£3.0m).</p> <p>The note has been amended.</p>
Note 20 - Debtors	<p>Our testing of sundry debtors identified balances relating to other local authorities and NHS bodies. These should be separately disclosed within the note.</p> <p>The note has been amended to reflect the correct analysis.</p>
Note 22 - Creditors	<p>Our review of grant movement in the year identified that although the total grants and contributions within Capital Grants Receipts in Advance was correct the analysis was not. The following amendments were required:-</p> <ul style="list-style-type: none"> • Capital grants received should state £0m and not £0.4m; • Capital grants used should state £0.7m and not £0.1m; and • Capital contributions should state £0.7m and not £0.9m. <p>The note has been amended to reflect the correct analysis.</p>
Note 42 – Related Parties	<p>Our review of Note 41 identified that a number of the disclosures needed to be expanded to ensure compliance with IFRS 24 and chapter 3.9 of the CIPFA Code.</p> <p>Our review also identified that controls around Member declarations should be reviewed to ensure that all declarations are made and are relevant and up to date.</p> <p>Additional disclosures have been added to the note.</p>
Note 43 – Impairment Losses	<p>The note contained the following numerical errors:-</p> <ul style="list-style-type: none"> • the impairment of Cockington Court is £2.1m and not £4.3m; and • the impairment of Parkfield Youth Project is £4.5m and not £2.2m. <p>The note has been amended.</p>
Annual Governance Statement (AGS)	<p>My review of the Council's AGS noted that it included 'areas of the council's work where further action is required'. This disclosure did not meet the requirements of the</p>

Issue	Finding
	CIPFA/SOLACE Framework <i>Delivering Good Governance in Local Government</i> ". This section has now been removed and replaced with 'Significant Issues'.
Working Papers	Working papers provided to support some areas of the financial statements were not clear and in these cases further clarification was required. In some instances additional working papers had to be created to demonstrate the audit trail back to the financial statements

Recommendation
R1 The Council need to ensure that the report it receives from the Valuer has addressed the requirements of their instructions.
R2 The accounts closedown plan should include sufficient time for a final review of the accounts and working papers to ensure consistency.
R3 Controls around Member declarations of interest should be reviewed to ensure that all declarations are made and are relevant and up to date.
R4 Working papers that provide a full audit trail should be provided to support the financial statements.

Whole of Government Accounts

Alongside my work on the financial statements, I also review and report to the National Audit Office on your Whole of Government Accounts return. As at 10th September I have not completed the procedures specified by the National Audit Office. I expect to complete my report by 30 September.

Value for money

I am required to conclude whether the Authority put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources. This is the value for money conclusion.

I assess your arrangements against the two criteria specified by the Commission. In my February 2012 Audit Plan I reported to you the significant risks that were relevant to my conclusion. I have set out below my conclusion on the two criteria, including the findings of my work addressing each of the risks I identified.

I intend to issue an unqualified conclusion stating that the Authority has proper arrangements to secure economy, efficiency and effectiveness in the use of its resources. I include my draft conclusion in Appendix 1.

Table 3: **Value for money conclusion criteria and my findings**

Criteria	Risk	Findings
<p>1. Financial resilience</p> <p>The organisation has proper arrangements in place to secure financial resilience.</p> <p>Focus for 2011/12:</p> <p>The organisation has robust systems and processes to manage effectively financial risks and opportunities, and to secure a stable financial position that enables it to continue to operate for the foreseeable future.</p>	<p>With cuts in funding from central government, as well as reductions in other sources of income, the Council faced significant challenges in delivering its financial plans over the next few years.</p> <p>There was a risk that financial plans or financial performance were not sufficient to address the increasing financial challenges.</p>	<p>My work focused on the core aspects of financial planning, financial governance and financial control arrangements. I concluded that the Council's arrangements were effective.</p>

Criteria**2. Securing economy efficiency and effectiveness**

The organisation has proper arrangements for challenging how it secures economy, efficiency and effectiveness.

Focus for 2011/12:

The organisation is prioritising its resources within tighter budgets, for example by achieving cost reductions and by improving efficiency and productivity.

Risk**Findings**

I concluded that the Council has proper arrangements for challenging how it secures economy, efficiency and effectiveness. This involved an assessment of how the Council manages its funds including how resources are prioritised and arrangements to ensure resources are used to their maximum benefit.

Fees

I reported my planned audit fee in the February 2012 Audit Plan.

I will complete the audit within the planned fee.

Table 4: Fees

	Original scale fee (£)	Planned fee 2011/12 (£)	Expected fee 2011/12 (£)
Audit*	£225,000	£225,000	£225,000
Claims and returns	£ 36,000	£ 36,000	£ 30,000 (estimated)
Total	£261,000	£261,000	£255,000

*The Audit Commission has paid a rebate of £18,000 (8%) to reflect attaining internal efficiency savings.

Appendix 1 – Draft independent auditor’s report

INDEPENDENT AUDITOR’S REPORT TO THE MEMBERS OF TORBAY COUNCIL

Opinion on the financial statements

I have audited the financial statements of Torbay Council for the year ended 31 March 2012 under the Audit Commission Act 1998. The financial statements comprise the Authority and Group Movement in Reserves Statement, the Authority and Group Comprehensive Income and Expenditure Statement, the Authority and Group Balance Sheet, the Authority and Group Cash Flow Statement and Collection Fund and the related notes. 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 2011/12.

This report is made solely to the members of Torbay Council in accordance with Part II of the Audit Commission Act 1998 and for no other purpose, as set out in paragraph 48 of the Statement of Responsibilities of Auditors and Audited Bodies published by the Audit Commission in March 2010.

Respective responsibilities of the Chief Financial Officer and auditor

As explained more fully in the Statement of the Chief Financial Officer’s Responsibilities, the Chief Financial Officer is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom, and for being satisfied that they give a true and fair view. My responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require me to comply with the Auditing Practices Board’s Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Authority and Group's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Chief Financial Officer; and the overall presentation of the financial statements. In addition, I read all the financial and non-financial information in the explanatory foreword to identify material inconsistencies with the audited financial statements. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my report.

Opinion on financial statements

In my opinion the financial statements:

- give a true and fair view of the financial position of Torbay Council as at 31 March 2012 and of its expenditure and income for the year then ended;
- give a true and fair view of the financial position of the Group as at 31 March 2012 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 2011/12.

Opinion on other matters

In my opinion, the information given in the explanatory foreword for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which I report by exception

I report to you if:

- in my opinion the annual governance statement does not reflect compliance with 'Delivering Good Governance in Local Government: a Framework' published by CIPFA/SOLACE in June 2007;
- I issue a report in the public interest under section 8 of the Audit Commission Act 1998;

- I designate under section 11 of the Audit Commission Act 1998 any recommendation as one that requires the Authority to consider it at a public meeting and to decide what action to take in response; or
- I exercise any other special powers of the auditor under the Audit Commission Act 1998.

I have nothing to report in these respects.

Conclusion on Authority's arrangements for securing economy, efficiency and effectiveness in the use of resources

Respective responsibilities of the Authority and the auditor

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.

I am required under Section 5 of the Audit Commission Act 1998 to satisfy myself 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 Audit Commission requires me to report to you my conclusion relating to proper arrangements, having regard to relevant criteria specified by the Audit Commission.

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

Basis of conclusion

I have undertaken my audit in accordance with the Code of Audit Practice, having regard to the guidance on the specified criteria, published by the Audit Commission in October 2011, as to whether the Authority has proper arrangements for:

- securing financial resilience; and
- challenging how it secures economy, efficiency and effectiveness.

The Audit Commission has determined these two criteria as those necessary for me to consider under the Code of Audit Practice in satisfying myself whether the Authority put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2012.

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

Conclusion

On the basis of my work, having regard to the guidance on the specified criteria published by the Audit Commission in October 2011, I am satisfied that, in all significant respects, Torbay Council put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2012.

Delay in certification of completion of the audit

I cannot formally conclude the audit and issue an audit certificate until I have completed the work necessary to issue my assurance statement in respect of the authority's Whole of Government Accounts consolidation pack. I am satisfied that this work does not have a material effect on the financial statements or on my value for money conclusion.

Alun Williams
District Auditor

Audit Commission
3-4 Blenheim Court
Lustleigh Close
Matford Business Park
Exeter
Devon EX2 8PW

19 September 2012

Appendix 2 – Draft letter of management representation

Torbay Council - Audit for the year ended 31 March 2012

I confirm to the best of my knowledge and belief, having made appropriate enquiries of other directors of Torbay Council, the following representations given to you in connection with your audit of the Authority's financial statements for the year ended 31 March 2012.

Compliance with the statutory authorities

I have fulfilled my responsibility under the relevant statutory authorities for preparing the financial statements in accordance with the Accounts and Audit (England) Regulations 2011 and the Code of Practice on Local Authority Accounting in the United Kingdom which give a true and fair view of the financial position and financial performance of the Authority, for the completeness of the information provided to you, and for making accurate representations to you.

Uncorrected misstatements

There are no uncorrected misstatements.

Supporting records

I have made available all relevant information and access to persons within the Authority for the purpose of your audit. I have properly reflected and recorded in the financial statements all the transactions undertaken by the Authority.

Irregularities

I acknowledge my responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud or error.

I also confirm that I have disclosed:

- my knowledge of fraud, or suspected fraud, involving either management, employees who have significant roles in internal control or others where fraud could have a material effect on the financial statements;
- my knowledge of any allegations of fraud, or suspected fraud, affecting the entity's financial statements communicated by employees, former employees, analysts, regulators or others; and

- the results of our assessment of the risk the financial statements may be materially misstated as a result of fraud.

Law, regulations, contractual arrangements and codes of practice

I have disclosed to you all known instances of non-compliance, or suspected non-compliance with laws, regulations and codes of practice, whose effects should be considered when preparing financial statements.

Transactions and events have been carried out in accordance with law, regulation or other authority. The Authority has complied with all aspects of contractual arrangements that could have a material effect on the financial statements in the event of non-compliance.

All known actual or possible litigation and claims, whose effects should be considered when preparing the financial statements, have been disclosed to the auditor and accounted for and disclosed in accordance with the applicable financial reporting framework.

Accounting estimates including fair values

I confirm the reasonableness of the significant assumptions used in making the accounting estimates, including those measured at fair value.

I confirm:

- the appropriateness of the measurement method, including related assumptions and models, and the consistency in application of the method;
- the assumptions appropriately reflect management's intent and ability to carry out specific courses of action on behalf of the Authority, where relevant to the accounting estimates and disclosures;
- the disclosures relating to the accounting estimate are complete and appropriate under the Code; and
- that no subsequent event requires the Authority to adjust the accounting estimate and related disclosures included in the financial statements.
- Title to, or control over, assets, the liens or encumbrances on assets, and assets pledged as collateral.

Related party transactions

I confirm that I have disclosed the identity of the Authority's related parties and all the related party relationships and transactions of which I am aware. I have appropriately accounted for and disclosed such relationships and transactions in accordance with the requirements of the Code.

Subsequent events

I have adjusted for or disclosed in the financial statements all relevant events subsequent to the date of the financial statements.

Signed on behalf of Torbay Council

I confirm that this letter has been discussed and agreed by the Audit Committee on 19 September 2012.

Signed

Name

Position

Date

Appendix 3 – Glossary

Annual Audit Letter

Letter issued by the auditor to the Authority after the completion of the audit that summarises the audit work carried out in the period and significant issues arising from auditors' work.

Annual Governance Report

The auditor's report on matters arising from the audit of the financial statements presented to those charged with governance before the auditor issues their opinion [and conclusion].

Annual Governance Statement

The annual report on the Authority's systems of internal control that supports the achievement of the Authority's policies aims and objectives.

Audit of the accounts

The audit of the accounts of an audited body comprises all work carried out by an auditor under the Code to meet their statutory responsibilities under the Audit Commission Act 1998.

Audited body

A body to which the Audit Commission is responsible for appointing the external auditor.

Auditing Practices Board (APB)

The body responsible in the UK for issuing auditing standards, ethical standards and associated guidance to auditors. Its objectives are to establish high standards of auditing that meet the developing needs of users of financial information and to ensure public confidence in the auditing process.

Auditing standards

Pronouncements of the APB that contain basic principles and essential procedures with which auditors must comply, except where otherwise stated in the auditing standard concerned.

Auditor(s)

Auditors appointed by the Audit Commission.

Code (the)

The Code of Audit Practice for local government bodies issued by the Audit Commission and approved by Parliament.

Commission (the)

The Audit Commission for Local Authorities and the National Health Service in England.

Ethical Standards

Pronouncements of the APB that contain basic principles relating to independence, integrity and objectivity that apply to the conduct of audits and with which auditors must comply, except where otherwise stated in the standard concerned.

Financial statements

The annual statement of accounts that the Authority is required to prepare, which report the financial performance and financial position of the Authority in accordance with the Accounts and Audit (England) Regulations 2011 and the Code of Practice on Local Authority Accounting in the United Kingdom.

Group accounts

Consolidated financial statements of an Authority and its subsidiaries, associates and jointly controlled entities.

Internal control

The whole system of controls, financial and otherwise, that the Authority establishes to provide reasonable assurance of effective and efficient operations, internal financial control and compliance with laws and regulations.

Materiality

The APB defines this concept as ‘an expression of the relative significance or importance of a particular matter in the context of the financial statements as a whole. A matter is material if its omission would reasonably influence the decisions of an addressee of the auditor’s report; likewise a misstatement is material if it would have a similar influence. Materiality may also be considered in the context of any individual primary statement

within the financial statements or of individual items included in them. Materiality is not capable of general mathematical definition, as it has both qualitative and quantitative aspects’.

The term ‘materiality’ applies only to the financial statements. Auditors appointed by the Commission have responsibilities and duties under statute, as well as their responsibility to give an opinion on the financial statements, which do not necessarily affect their opinion on the financial statements.

Significance

The concept of ‘significance’ applies to these wider responsibilities and auditors adopt a level of significance that may differ from the materiality level applied to their audit of the financial statements. Significance has both qualitative and quantitative aspects.

Those charged with governance

Those entrusted with the supervision, control and direction of the Authority. This term includes the members of the Authority and its Audit Committee.

Whole of Government Accounts

A project leading to a set of consolidated accounts for the entire UK public sector on commercial accounting principles. The Authority must submit a consolidation pack to the department for Communities and Local Government which is based on, but separate from, its financial statements.

Appendix 4 – Action plan

Recommendations

Recommendation 1	The Council need to ensure that the report it receives from the Valuer has addressed the requirements of their instructions.
Priority	Medium
Responsibility	Martin Phillips (Chief Accountant)
Date	March 2013
Comments	Accepted - valuation report to be updated for 2012/13.
Recommendation 2	The accounts closedown plan should include sufficient time for a final review of the accounts and working papers to ensure consistency
Responsibility	Martin Phillips (Chief Accountant)
Priority	Medium
Date	June 2013
Comments	Accepted - continue to include peer review of accounts and working papers.
Recommendation 3	Controls around Member declarations of interest should be reviewed to ensure that all declarations are made and are relevant and up to date.
Responsibility	Martin Phillips (Chief Accountant) and June Gurry (Governance Support Manager)
Priority	On-going
Date	On-going

Comments	Noted – controls and paper work to be reviewed.
Recommendation 4	Working papers that provide a full audit trail should be provided to support the financial statements.
Responsibility	Martin Phillips (Chief Accountant)
Priority	Medium
Date	June 2013
Comments	Accepted – peer review of working papers to be encouraged.

If you require a copy of this document in an alternative format or in a language other than English, please call:
0844 798 7070

© Audit Commission 2012.

Design and production by the Audit Commission Publishing Team.

Image copyright © Audit Commission.

The Statement of Responsibilities of Auditors and Audited Bodies issued by the Audit Commission explains the respective responsibilities of auditors and of the audited body. Reports prepared by appointed auditors are addressed to non-executive directors, members or officers. They are prepared for the sole use of the audited body. Auditors accept no responsibility to:

- any director/member or officer in their individual capacity; or
- any third party.

