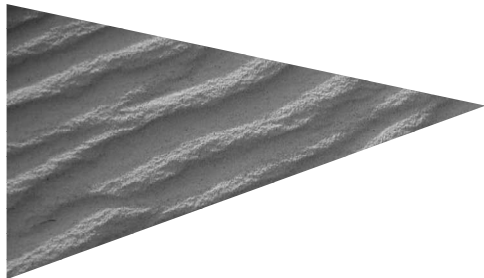


Greater London Authority

For the year ended 31 March 2014

Audit Results Report – ISA (UK & Ireland) 260

September 2014



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Executive summary

Key findings - Audit results and other key matters

The Audit Commission's Code of Audit Practice (the Code) requires us to report to those charged with governance – the Mayor of London - on the work we have carried out to discharge our statutory audit responsibilities together with any governance issues identified.

This report summarises the findings from the 2013/14 audit which is substantially complete. It includes the messages arising from our audit of your financial statements and the results of the work we have undertaken to assess your arrangements to secure value for money in your use of resources.

Financial statements

- ▶ We expect to issue an unqualified opinion on the financial statements in late September. Our audit results demonstrate, through the small number of issues that we have to communicate, that arrangements for the production of the financial statements remain strong. There are some areas of our work related to audit closure that are still in progress, as highlighted on page 9. The main area of difficulty remains obtaining timely accurate information from subsidiaries.

Value for money

- ▶ Our review of GLA's arrangements to secure economy, efficiency and effectiveness in your use of resources is complete. We continue to find that the GLA have proper and sound arrangements to secure its financial resilience and in economy, efficiency and effectiveness in its use of resources. Our report provides a couple of observations where the GLA should keep a close eye on and strengthen their arrangements, on the GLA's exposure to LLDC's financial and operating performance and governance over decisions made to appoint Non-Statutory Deputy Mayors.

Whole of Government Accounts

- ▶ We are currently undertaking our work on the Whole of Government Accounts return following the completion of our work on the Authority's financial statements. We expect to issue our assurance statement on your WGA return towards the end of September.

Audit certificate

- ▶ The audit certificate is issued to demonstrate that the full requirements of the Audit Commission's Code of Audit Practice have been discharged for the relevant audit year. We expect to issue the audit certificate at the same time as the audit opinion.

Extent and purpose of our work

The Authority's responsibilities

The Authority is responsible for preparing and publishing its Statement of Accounts accompanied by the Annual Governance Statement. In the Annual Governance Statement, the Authority reports publicly on the extent to which it complies with its own code of governance, including how it has monitored and evaluated the effectiveness of its governance arrangements in the year, and on any planned changes in the coming period.

The Authority is also responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

Purpose of our work

Our audit was designed to:

- Express an opinion on the 2013/14 financial statements
- Report on any exception on the governance statement or other information included in the foreword
- Consider and report any matters that prevent us being satisfied that the Authority had put in place proper arrangements for securing economy, efficiency and effectiveness in the use of resources (the Value for Money conclusion)

In addition, this report contains our findings related to the areas of audit emphasis, our views on the Authority's accounting policies and judgments and significant deficiencies in internal control.

As a component auditor, we follow the group instructions and send to the National Audit Office our group assurance certificate, audit results report and auditor's report on the consolidation schedule.

This report is intended solely for the information and use of the Authority. It is not intended to be and should not be used by anyone other than the specified party.

Addressing audit risks

Significant audit risks

We identified the following audit risks during the planning phase of our audit, and reported these to you in our Audit Plan. Here, we set out how we have gained audit assurance over those issues.

Audit risk identified within our Audit Plan	Audit procedures performed	Issues arising
Significant audit risks (including fraud risks)		
<p><u>Fraud and management override risk</u></p> <p>As identified in ISA (UK & Ireland) 240, management is in a unique position to perpetrate fraud because of their ability to directly or indirectly manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively.</p>	<ul style="list-style-type: none"> • Tested the appropriateness of journal entries recorded in the general ledger and other adjustments made in the preparation of the financial statements; • Reviewed accounting estimates for evidence of management bias; • Evaluated the business rationale for any significant unusual transactions; and 	<p>Our planned procedures in relation to this risk are complete. There are no issues to report.</p>
<p><u>Assessment of the GLA Group boundary</u></p> <p>In light of the significant changes that took place within the GLA family in 2012-2013, we will continue to assess the GLA group boundary against the criteria stipulated in the two relevant international accounting standards IAS27 and IFRS10 (adopted from 1 January 2013).</p> <p>In 2013/14, LLDC have entered into a Joint Venture with LB Newham. The E20 Stadium Company LLP will take on responsibility for the development and subsequent operation of the Olympic Stadium.</p>	<ul style="list-style-type: none"> • Assessed where overall control lies with regard to the operation and delivery of services of the potential group bodies. • In relation to the new subsidiary of LLDC, E20 Stadium Company LLP, ensured that the accounting framework and accounting policies are aligned to those of the GLA group and that it was appropriately consolidated into the GLA group either directly or via LLDC's group accounts. 	<p>Our planned procedures in relation to this risk are complete.</p> <p>We reassessed the GLA group boundary under IAS 27 with regard to those entities currently within the group and the other functional bodies. The assessment concluded that only LLDC and GLA Holdings Ltd lie within the group boundary and therefore require consolidation into the GLA group accounts.</p> <p>There are no issues to report in relation to this risk</p> <p>Regarding E20 Stadium Company LLP; further detail is provided at page 11.</p>

Addressing audit risks

Significant audit risks (continued)

Audit risk identified within our Audit Plan	Audit procedures performed	Assurance gained and issues arising
Significant audit risks (including fraud risks)		
<p><u>Significant accounting judgments and estimates, particularly provisions and contingent liabilities</u></p> <p>The financial statements of the GLA are based in certain areas on the significant accounting judgements of the preparers of those accounts. The accounts also contain material accounting estimates; particularly provisions and contingent liabilities.</p>	<ul style="list-style-type: none"> Assessed and tested the reasonableness of accounting judgments and estimates used in the preparation of the accounts. Testing focused on the Compulsory Purchase Order (CPO) provisions contained within both GLA's and GLAP Ltd's financial statements. Ensured that accounting judgments and estimates are correctly disclosed in the accounts as required by IAS 8 and the Code of Practice. 	<p>Our planned procedures in relation to this risk at GLA are complete, and there are no issues to report.</p> <p>With regard to the Group; the LLDC draft accounts presented for audit did not include either a provision or contingent liability in relation to the potential VAT liability with HMRC under the partial VAT recovery scheme. Following discussions with LLDC officers, it was agreed that a contingent liability should be disclosed regarding this matter and this contingent liability is now disclosed in the GLA group accounts.</p>
<p><u>Pension valuations and disclosures</u></p> <p>The Local Authority Accounting Code of Practice and IAS19 requires the Authority to make extensive disclosures within its financial statements regarding the Local Government Pension Scheme (LGPS) in which it is an admitted body.</p> <p>The Authority's current pension fund deficit is a highly material and sensitive item and the Code requires this liability to be disclosed on the Authority's Balance Sheet.</p> <p>The information disclosed is based on the IAS19 report issued to the Authority by the actuaries to the administering body; the London Pension Fund Agency.</p>	<ul style="list-style-type: none"> Liaised with the auditors of the London Pensions Authority, the LGPS administering authority, and obtained assurances over the information supplied to the actuary in relation to the Greater London Authority. Assessed the conclusions drawn on the work of the actuary by the Consulting Actuary to the Audit Commission, PwC. Reviewed and tested the accounting entries and disclosures made within the Authority's financial statements in relation to IAS19. 	<p>Our planned procedures in relation to this risk are complete. There are no issues to report.</p>

Addressing audit risks

Significant audit risks (continued)

Audit risk identified within our Audit Plan	Audit procedures performed	Assurance gained and issues arising
Significant audit risks (including fraud risks)		
<p><u>Property valuations within LLDC and GLAP Ltd</u></p> <p>The GLA Group Balance Sheet contains property assets which are highly material in nature.</p> <p>The unique and material nature of LLDC's Olympic Park non-current assets and the basis on which they are valued, mean that small changes in assumptions when valuing these assets can have material impact on the financial statements.</p> <p>A similar issue arises on GLAP's property assets that are classified as inventory.</p>	<ul style="list-style-type: none"> Assessed the valuations assigned to these property assets and any material increases or impairments that arise during 2013/14. Assessed the work of the property valuers in respect of LLDC and GLAP Ltd's property portfolio. Consulted with EY Estates team where appropriate and reviewed and tested the accounting entries and disclosures made within the Authority's financial statements. 	<p>Our planned procedures in relation to this risk are complete.</p> <p>There are no issues to report regarding property valuations in GLAP Ltd.</p> <p>Issues did arise regarding property valuations at LLDC; specifically the Orbit Tower and the associated loan. Further detail regarding these issues are provided at page 11.</p>

Addressing audit risks

Significant audit risks (continued)

Audit risk identified within our Audit Plan	Audit procedures performed	Assurance gained and issues arising
Significant audit risks (including fraud risks)		
<p><u>Localisation of business rates</u></p> <p>There have been significant changes in the arrangements for business rates from April 2013. The detailed accounting requirements for the new arrangements are not yet clear and this therefore presents a risk in terms of the financial statements.</p> <p>One of the main changes is that individual authorities now need to provide for rating appeals. This includes not only claims from 1 April 2013 but claims that relate to earlier periods. As appeals are made to the Valuation Office, authorities may not be aware of the level of claims. Authorities may also find it difficult to obtain sufficient information to establish a reliable estimate.</p>	<ul style="list-style-type: none"> Reviewed the detailed accounting transactions for business rates to ensure the Authority's accounts are materially accurate and compliant with the CIPFA Code of practice. Reviewed the Authority's provision for business rate appeals and ensured that it has been calculated on a reasonable basis. As part of this we ensured the provision is supported by appropriate evidence by reviewing the information provided by the London borough's, as GLA's provision comprises a share of the provision made by each borough. 	<p>Our planned procedures in relation to this risk are complete.</p> <p>Regarding the detailed accounting transactions, it was concluded that the Authority's accounts are materially accurate and compliant with the CIPFA Code of practice.</p> <p>Further detail regarding the Authority's provision for business rate appeals has been provided at page 10.</p>

Financial statements audit

Issues and misstatements arising from the audit

Progress of our audit

- ▶ The following areas of our work programme remain to be completed. These include:
 - ▶ Completion of the assurance work on the Whole of Government Accounts (WGA) return
 - ▶ Receipt of a letter of representation and signed accounts
 - ▶ Final Partner review of the financial statements
- ▶ Subject to the completion of our work on the above items, we propose to issue an unqualified audit report on the financial statements.

Uncorrected misstatements

On the basis of the work completed to date, we have not identified any misstatements within the draft financial statements, which management has chosen not to adjust.

Corrected misstatements

- ▶ Our audit identified a number of disclosure misstatements and some minor numerical misstatements which we have highlighted to management for amendment. All of these have been corrected during the course of our work.
- ▶ The most significant amendments made to the financial statements were the result of changes made in the accounts of other entities; LLDC and the City of London Corporation. These are detailed within the significant audit risk section of this report on pages 5 to 8 and within the accounting judgements section on pages 10 and 11.

Financial statements audit (continued)

Accounting judgements and issues arising: GLA and GLA Group

Accounting judgements

- **NDR Appeals Provision:** There have been significant changes in the arrangements for business rates from April 2013. One of the main changes is that individual billing authorities now need to provide for rating appeals, and precepting bodies such as the GLA take a share of those provisions; 20% in the case of the GLA. GLA officers undertook detailed procedures to ensure that the most significant provisions set by the billing authorities in London had been calculated on a reasonable basis and were supported by appropriate evidence. This specifically considered appeals already lodged, their potential success rate based on historic records and whether potential appeals not yet lodged were taken into account. We liaised with the auditors of the London Boroughs that set the most material provisions to obtain their views on the reasonableness of provision and data integrity. We were able to obtain sufficient assurance on the consistency of the provision setting process and that GLA's share of the appeals provisions was not materially misstated.
- The City of London Corporation increased their appeals provision after the GLA draft statements had been prepared by £54.8million; and the GLA accounts have now been amended to reflect the increase in the GLA's share of that provision by £11m, with GLA's total appeals provision now at £113m. In addition, GLA's accounts disclosures have been extended to provide further details as to how the provision for business rate appeals was set.
- **JESSICA Investment impairment:** The JESSICA investment was transferred from the LDA and was disclosed as a long term investment on the GLA's 2012/13 Balance Sheet at a value of £32m. During 2013/14, management reassessed the JESSICA investment; concluding that it does not contain a sufficiently clear exit policy or terms of repayment to the GLA of interest and principal. From this management formed an accounting judgement that the JESSICA long term investment asset be impaired to nil as the GLA currently has no assurance that this funding will be repaid in the future. We concurred with this conclusion.
- **Prior Period Adjustments in GLAP Ltd:** During the preparation of the 2013/14 GLAP financial statements, three errors were noted in the 2012/13 financial statements. After considering each, management formed a judgement that only one of the errors (the disposal of Greenwich District Hospital in 2012/13) required correcting through a prior period adjustment, which is reflected in the 2013/14 GLAP Ltd statements. The two other errors were corrected during 2013/14. We concurred with this judgement.
- **Compulsory Purchase Order Provision:** The CPO provisions within the Group were inherited from the LDA as at 1.4.12. Over the two years since that point a significant number of CPO's have been settled by the Authority. When considering the required provisions for CPO's that are yet to be settled, management have made accounting judgements based on historic settlement rates to assess the provision required going forward. Audit procedures confirmed that the accounting judgements made and the resulting provisions are reasonable.

Financial statements audit (continued)

Accounting judgements and issues arising: GLA Group Only

Accounting judgements - LLDC

- **Orbit Tower asset valuation:** The draft LLDC financial statements that were presented for audit included the Orbit at a valuation of £6m, based on annual estimated visitor numbers of 350,000 per year. Visitor numbers during initial trading were however significantly below the planned levels on which the estimate of 350,000 was based. Following discussions with senior officers at LLDC regarding the impact of this on the asset valuation and consideration of the visitor numbers by the Corporation's Board, the Corporation commissioned a further valuation of the Orbit in July 2014. This valuation assumed annual visitor numbers of 150,000 (an estimate based on the first three months of trading) and resulted in a valuation of £875k. This updated valuation and the related asset impairment is now reflected in the GLA group accounts.
- **Orbit loan carrying value:** The loan associated with the Orbit is only repayable out of trading profits arising from the asset. Under IAS 39, LLDC is required to measure the carrying amount of financial liabilities based on present value of estimated future cash flows relating to that liability. As a result of the updated valuation of the Orbit to reflect the lower visitor numbers the Corporation has recalculated the expected cashflows relating to the Orbit loan based on visitor numbers of 150,000. As a result the carrying value of the loan was written down from £9.7m to nil and that is now reflected in the GLA group accounts
- **E20 LLP and stadium transformation:** Regarding LLDC group structure; LLDC concluded that a joint venture relationship exists between LLDC and E20 LLP and that this relationship would be accounted for using the equity method within LLDC group accounts. Therefore, from the GLA perspective, E20 is consolidated into the GLA group accounts via LLDC's group accounts.
- The objective of the LLP is to transform and then operate the Olympic Stadium. The budgeted cost of the transformation work is approximately £225m and the estimated value of the stadium on completion of the transformation work is £60m. LLDC group management have therefore concluded that 75% of stadium transformation expenditure is to be impaired over the period of the transformation works; the impairment being recognised in proportion to spend undertaken in the period. We concurred with this treatment.
- In line with this accounting policy an impairment was recognised in the 2013/14 E20 LLP statements of £25.3m; of which, under the terms of the Members Agreement; LLDC and therefore the GLA Group take over 95% as a cost.
- The impairment cost that is being recognised is based on two accounting judgements; the cost of the transformation work and the valuation of the stadium following that work. Audit procedures confirmed that any potential understatement of the impairment charge in 2013/14 would not be material to the GLA Group.

Financial statements audit (continued)

Other matters & internal control,

Other matters

As required by ISA (UK&I) 260 and other ISAs specifying communication requirements, we are 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; estimates and disclosures;
- 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; and,
- Any significant difficulties encountered during the audit; and
- Other audit matters of governance interest,

We have no matters we wish to report.

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. 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.

We have not tested the controls of the Authority as we have adopted a fully substantive approach to our audit. We are therefore not expressing an opinion on the overall effectiveness of internal control.

We 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 we are aware of from our audit of the financial statements.

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.

Financial statements audit (continued)

Written Representations & Whole of Government Accounts

Request for written representations

We have requested a management representation letter to gain management's confirmation in relation to a number of matters. We have not requested any specific representations.

Whole of Government Accounts

Alongside our work on the financial statements, we also review and report to the National Audit Office on your Whole of Government Accounts return. The extent of our review and the nature of our report are specified by the National Audit Office.

We are currently undertaking our work on the Whole of Government Accounts return following the completion of the work on the Authority's financial statements. We expect to issue our assurance statement on your WGA return towards the end of September.

Arrangements to secure economy, efficiency and effectiveness

The Code of Audit Practice (2010) sets out our responsibility to satisfy ourselves that the Greater London Authority has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources. In examining the GLA's corporate performance management and financial management arrangements, we have regard to the following criteria and focus specified by the Audit Commission.

Criteria 1 - Arrangements for securing financial resilience

▶ *“Whether the GLA has robust systems and processes to manage financial risks and opportunities effectively, and to secure a stable financial position that enables it to continue to operate for the foreseeable future”*

Our review of your arrangements to secure financial resilience is complete. Through its year end capital and revenue outturn, annual budget setting, use of reserves and its medium to longer term financial planning, the GLA continues to plan well to secure its longer term financial resilience. GLA has robust and prudent plans to address volatility and risks to its future budgets from business rates retention, future Government grants, settlements and exposure it has and needs to continue to keep a close eye on as a financial guarantor to LLDC's financial and operating performance.

Criteria 2 - Arrangements for securing economy, efficiency and effectiveness

▶ *“Whether the GLA is prioritising its resources within tighter budgets, for example by achieving cost reductions and by improving efficiency and productivity.”*

Our review of your arrangements to secure economy, efficiency and effectiveness in your use of resources is complete. GLA continues to prioritise its resources effectively, with a good track record of achieving cost reduction and improving efficiency and productivity. In response to concerns we received during our audit, we have made recommendations to GLA officers on where it can strengthen its governance and decision making process for making remunerated appointments using the Mayor's general powers under section 30 and 34 of the GLA Act 1999.

Arrangements to secure economy, efficiency and effectiveness

Our review highlighted two areas which the GLA either needs to keep a close eye on or to strengthen their arrangements. Neither of these are significant to our overall 2013-2014 Value for Money conclusion.

Exposure to LLDC's financial and operating performance: GLA acts as funding guarantor and lender of last resort to LLDC. GLA has committed to provide significant levels of capital and revenue funding to LLDC, a lot of which is used by LLDC in delivering the targets and activities set out in its business plans. LLDC have significant transformational capital programmes, such as Olympicopolis and Olympic Stadium, all of which are integral to regeneration and growth plans for London.

During our audit, we found that the GLA have developed arrangements, at Board and officer level, to have closer and timely oversight, review and scrutiny of LLDC's contract and project performance and robustness of capital and revenue projections. GLA uses the knowledge and information from these reviews to regularly update its medium to long term budget forecasts. This work aids the GLA in prioritising its future activities, spend and use of resources; to secure its financial resilience.

Whilst we believe the GLA is doing all it can, it still remains exposed to any significant variation or slippage in LLDCs capital programmes and operating plan. For example, we are aware that there is a likely additional cost of several million for strengthening of the Stadium Roof. Future funding for a financial gap currently estimated at £190million for Olympicopolis remains uncertain - it is unclear whether the GLA will be exposed to some or all of this. We are satisfied that the GLA is appropriately responding to these financial risks.

The LLDC audit team made a number of recommendations and observations connected to strengthening forecasting, control environment and the finance function.

We believe it is vital that the GLA continues to keep a close eye on the risks it is exposed to from LLDC's finance and operating performance. GLA need to be able to have full and unfettered ability to hold LLDC to account, at Board and officer level, on its programmes, activities and financial forecasting. This is necessary if the GLA are able to plan its own financial and business objectives appropriately and take timely measures necessary to support LLDC without adversely affecting the GLA's own medium to longer term financial resilience. We will continue to review this area during our 2014-2015 audit.

Arrangements to secure economy, efficiency and effectiveness

Governance and decision making over appointment and remuneration of non-statutory Deputy Mayor's

We received correspondence during our audit expressing concern on the arrangements and legality of payments made to the Deputy Mayor for Business and Enterprise. Our work to review the decision making for this appointment and payment changed the scope of our 2013-2014 audit at the GLA, resulting in an increase to our audit fee set out at Appendix 1.

We reviewed GLA's legal advice, obtained legal advice from the Audit Commission, as well as obtained and considered written and oral explanations from GLA officers.

We concluded that we were not minded to challenge the legality of appointment and remuneration paid to the Deputy Mayor for Business and Enterprise. We are also aware that since our review, a Counsel opinion obtained by an Assembly Member has also reached the same conclusion. We did however find that the GLA needed to improve its arrangements for documenting and demonstrating the basis of the decisions made both for appointments and payments using Mayor's general powers under section 30 and 34 of the GLA Act 1999.

We made three improvement recommendations to GLA officers to improve the documentation and governance process underpinning these decisions:

- The GLA needs to improve the recording of the Mayor's decisions, and in so doing evidence to Assembly Members and interested parties the principal purpose and consideration of consultation for remunerated appointments under section 30 of the GLA Act 1999.
- The GLA should review the Mayoral Scheme of Delegation and consider whether it properly provides for consideration and documentation of decisions made under section 30.
- The Mayor, working with GLA officers, should annually review the terms of appointment, contract and performance standards expected for remunerated appointments under section 30.

We are aware that the GLA's Executive Director of Secretariat is currently completing a review of the governance and decision making process for remunerated appointments but more broadly the Mayor's application of section 30 powers. We know for example that GLA officers intend to amend the Mayoral Scheme of Delegation so that Mayoral Decision Forms are used in the future for remunerated appointments under section 30 of GLA Act 1999.

We will consider the outcome of the GLA's review when it is concluded. Until then, we do not intend to take any further action.

Independence

Independence

- ▶ We confirm there are no changes in our assessment of independence since our confirmation in our Audit Plan dated 20 March 2014.
- ▶ We complied with the Auditing Practices Board's Ethical Standards for Auditors and the requirements of the Audit Commission's Code of Audit Practice and Standing Guidance. 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 confirm that we are not aware of any relationships that may affect the independence and objectivity of the firm that we are required by auditing and ethical standards to report to you.
- ▶ We consider that our independence in this context is a matter that should be reviewed by both you and ourselves. It is therefore important that you consider the facts of which you are aware and come to a view.
- ▶ If you wish to discuss any matters concerning our independence, we will be pleased to do so at the forthcoming meeting of the Audit Panel in October.
- ▶ We confirm that we have met the reporting requirements to those charged with governance under International Standards on Auditing (UK&I) 260. Our communication plan to meet these requirements were set out in our Audit Plan of 20 March 2014.

Audit fees

Audit fees

The table below sets out the scale fee and our final proposed audit fees.

	Proposed final fee 2013-14	Scale fee 2013-14	Variation comments
	£s	£s	
Total audit fee – Code work	151,172	140,000	None

- ▶ We are proposing an additional fee of £11,172 for the work we have needed to undertake in response to concerns raised with us on the legality of payments made to the Deputy Mayor for Business and Enterprise. We have discussed this additional fee with GLA officers and has been approved by the Audit Commission.
- ▶ We are also proposing a fee for the audit of GLA Holding Ltd, including GLAP Ltd , of £112,000. This is unchanged from 2012/13.
- ▶ Other than the additional fee noted above; our actual fee is currently in line with the rebased scale fee at this point in time, subject to the satisfactory clearance of the outstanding audit work. We confirm that we have not undertaken any non-audit work outside of the Audit Commission’s Audit Code requirements.

Ernst & Young LLP

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In March 2010 the Audit Commission issued a revised version of the 'Statement of responsibilities of auditors and audited bodies' (Statement of responsibilities). It is available from the Chief Executive of each audited body and via the [Audit Commission's website](#).

The Statement of responsibilities serves as the formal terms of engagement between the Audit Commission's 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 Standing Guidance serves as our terms of appointment as auditors appointed by the Audit Commission. The Standing Guidance sets out additional requirements that auditors must comply with, over and above those set out in the Code of Audit Practice 2010 (the Code) and statute, and covers matters of practice and procedure which are of a recurring nature.

This Audit Results 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.

