

North Tyneside Council

Annual Audit Letter for the year
ended 31 March 2020

March 2021



Building a better
working world

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The contents of this report are subject to the terms and conditions of our appointment as set out in our engagement contract of 2 October 2017.

This Annual Audit Letter is prepared in the context of the Statement of the engagement contract. 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 Hywel Ball, 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.



Section 1

Executive Summary

Executive Summary

We are required to issue an annual audit letter to North Tyneside Council (the Council) following completion of our audit procedures for the year ended 31 March 2020. Covid-19 had an impact on a number of aspects of our 2019/20 audit. We set out these key impacts below.

Area of impact	Commentary
Impact on the delivery of the audit	
▶ Changes to reporting timescales	As a result of Covid-19, new regulations, the Accounts and Audit (Coronavirus) (Amendment) Regulations 2020 No. 404, were published and came into force on 30 April 2020. This announced a change to publication date for final, audited financial statements from 31 July to 30 November 2020 for all relevant authorities. We worked with the Council to deliver the audit in line with the revised reporting timescale.
Impact on our risk assessment	
▶ Valuation of Property Plant and Equipment	The Royal Institute of Chartered Surveyors (RICS), the body setting the standards for property valuations, issued guidance to valuers highlighting that the uncertain impact of Covid-19 on markets might cause a valuer to conclude that there is a material uncertainty. Caveats around this material uncertainty have been included in the year-end valuation reports produced by the Council's external valuer. We consider that the material uncertainties disclosed by the valuer gave rise to an additional risk relating to disclosures on the valuation of property, plant and equipment.
▶ Disclosures on Going Concern	Financial plans for 2020/21 and medium-term financial plans required revision for Covid-19. We considered the unpredictability of the current environment gave rise to a risk that the Council would not appropriately disclose the key factors relating to going concern, underpinned by managements assessment with particular reference to Covid-19 and the Council's actual year end financial position and performance.
Impact on the scope of our audit	
▶ Information Produced by the Entity (IPE)	We identified an increased risk around the completeness, accuracy, and appropriateness of information produced by the entity due to the inability of the audit team to verify original documents or re-run reports on-site from the Council's systems. We undertook the following to address this risk: <ul style="list-style-type: none">▶ used the screen sharing function of Microsoft Teams to evidence re-running of reports used to generate the IPE we audited; and▶ agreed IPE to scanned documents or other system screenshots.
▶ Consultation requirements	Additional EY consultation requirements concerning the impact on auditor reports. The changes to audit risks and audit approach changed the level of work we needed to perform.

Executive Summary (continued)

The tables below set out the results and conclusions on the significant areas of the audit process.

Area of Work	Conclusion
Opinion on the Council's:	
▶ Financial statements	Unqualified - the financial statements give a true and fair view of the financial position of the Council as at 31 March 2020 and of its expenditure and income for the year then ended.
▶ Consistency of other information published with the financial statements	Other information published with the financial statements was consistent with the financial statements.
▶ Concluding on the Council's arrangements for securing economy, efficiency and effectiveness	We concluded that the Council put in place proper arrangements to secure value for money in the use of resources.

Area of Work	Conclusion
Reports by exception:	
▶ Consistency of Annual Governance Statement	The Annual Governance Statement was consistent with our understanding of the Council.
▶ Public interest report	We had no matters to report in the public interest.
▶ Written recommendations to the Council, which should be copied to the Secretary of State	We had no matters to report.
▶ Other actions taken in relation to our responsibilities under the Local Audit and Accountability Act 2014	We had no matters to report.

Area of Work	Conclusion
Reporting to the National Audit Office (NAO) on our review of the Council's Whole of Government Accounts return (WGA).	We had no matters to report.

Executive Summary (continued)

As a result of the areas disclosed on the previous page we have also:

Area of Work	Conclusion
Issued a report to those charged with governance of the Council communicating significant findings resulting from our audit.	Our Audit Results Report was presented to the Audit Committee on 18 November 2020.
Issued a certificate that we have completed the audit in accordance with the requirements of the Local Audit and Accountability Act 2014 and the National Audit Office's 2015 Code of Audit Practice.	Our certificate was issued on 15 March 2021.

We would like to take this opportunity to thank the Council's staff for their assistance during the course of our work.



Stephen Reid
Partner
For and on behalf of Ernst & Young LLP

Section 2

Purpose and Responsibilities



Purpose

The Purpose of this Letter

The purpose of this annual audit letter is to communicate to Members and external stakeholders, including members of the public, the key issues arising from our work, which we consider should be brought to the attention of the Council.

We have already reported the detailed findings from our audit work in our 2019/20 Audit Results Report to the Audit Committee on 18 November 2020, representing those charged with governance. We do not repeat those detailed findings in this letter. The matters reported here are the most significant for the Council.

Responsibilities

Responsibilities of the Appointed Auditor

Our 2019/20 audit work has been undertaken in accordance with our updated Audit Plan that we presented to the Audit Committee on 29 July 2020 and is conducted in accordance with the National Audit Office's 2015 Code of Audit Practice, International Standards on Auditing (UK), and other guidance issued by the National Audit Office.

As auditor we are responsible for:

- ▶ Expressing an opinion:
 - ▶ On the 2019/20 financial statements; and
 - ▶ On the consistency of other information published with the financial statements.
- ▶ Forming a conclusion on the arrangements the Council has to secure economy, efficiency and effectiveness in its use of resources.
- ▶ Reporting by exception:
 - ▶ If the annual governance statement is misleading or not consistent with our understanding of the Council;
 - ▶ Any significant matters that are in the public interest;
 - ▶ Any written recommendations to the Council, which should be copied to the Secretary of State; and
 - ▶ If we have discharged our duties and responsibilities as established by the Local Audit and Accountability Act 2014 and Code of Audit Practice.

Alongside our work on the financial statements, we also review and report to the National Audit Office (NAO) on your Whole of Government Accounts return. The extent of our review and the nature of our report are specified by the NAO. We performed the procedures as required by the NAO, no issues were identified.

Responsibilities of the Council

The Council is responsible for preparing and publishing its Statement of Accounts accompanied by an Annual Governance Statement (AGS). In the AGS, the Council reports publicly each year on how far it complies with its own code of governance, including how it has monitored and evaluated the effectiveness of its governance arrangements in year, and any changes planned in the coming period.

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

Section 3

Financial Statement Audit



Financial Statement Audit

Key Issues

The Council's Statement of Accounts is an important tool for the Council to show how it has used public money and how it can demonstrate its financial management and financial health.

We audited the Council's Statement of Accounts in line with the National Audit Office's 2015 Code of Audit Practice, International Standards on Auditing (UK), and other guidance issued by the National Audit Office and issued an unqualified audit report on 30 November 2020.

Our detailed findings were reported to the 18 November 2020 Audit Committee.

The key issues identified as part of our audit were as follows:

Significant Risk	Conclusion
<p>Risk of fraud in revenue and expenditure recognition</p> <p>Under ISA 240, there is a presumed risk that revenue may be misstated due to improper revenue recognition. In the public sector, this requirement is modified by Practice Note 10 issued by the Financial Reporting Council, which states that auditors should also consider the risk that material misstatements may occur by the manipulation of expenditure recognition.</p> <p>Local authorities have a statutory duty to balance their annual budget and are operating in a financially challenged environment with reducing levels of government funding and increasing demand for services. Achievement of budget is critical to minimising the impact and usage of the Council's usable reserves and provides a basis for the following year's budget. Any deficit outturn against the budget is therefore not a desirable outcome for the Council and management, and therefore this desire to achieve budget increases the risk that the financial statements may be materially misstated.</p>	<p>We performed the following testing in relation to this risk:</p> <ul style="list-style-type: none">▶ We reviewed and tested revenue and expenditure recognition policies, including consideration of the recognition of grant income;▶ We reviewed, discussed with management, and tested (where appropriate) any accounting estimates on revenue or expenditure recognition, such as manual debtors and expenditure accruals, for evidence of bias;▶ We tested grant income with terms and conditions attached to ensure that where management judgements had been made relating to the recognition of the income, all terms and conditions had been achieved;▶ We tested capital expenditure incurred during the year to ensure that it was correctly classified as capital expenditure and should not instead have been included as revenue; and▶ We reviewed a sample of transactions recorded in the ledger and payments made from the bank account post year-end and confirmed that the associated income and expenditure has been recorded in the correct period. <p>Our testing did not identify any material misstatements relating to revenue and expenditure recognition.</p>

Financial Statement Audit (continued)

Significant Risk	Conclusion
<p>Misstatements due to fraud or error</p> <p>As identified in auditing standards, management is in a unique position to perpetrate fraud because of its ability to manipulate accounting records directly or indirectly and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. We identify and respond to this fraud risk on every audit engagement.</p>	<p>We performed the following testing in relation to this risk:</p> <ul style="list-style-type: none"> ▶ We identified fraud risks during the planning stage of our audit; ▶ We developed our understanding of the oversight given by those charged with governance over management's processes over fraud; ▶ We considered the effectiveness of management's controls designed to address the risk of fraud; ▶ We tested the appropriateness of journal entries recorded in the general ledger and other adjustments made in the preparation of the financial statements; ▶ We reviewed accounting estimates for evidence of management bias; and ▶ We evaluated the business rationale for any significant unusual transactions. <p>Our testing did not identify any material misstatements due to fraud or error in the Council's financial statements.</p>
<p>Valuation of land and buildings</p> <p>The value of land and buildings represents a significant balance in the Council's financial statements and is subject to valuation changes, impairment reviews and depreciation charges.</p> <p>Management is required to make material judgements in respect of key assumptions and apply estimation techniques to calculate the year-end balances recorded in the balance sheet.</p>	<p>We performed the following testing in relation to this risk:</p> <ul style="list-style-type: none"> ▶ We considered the work performed by the Council's valuer, including the adequacy of the scope of the work performed, their professional capabilities and the results of their work; ▶ We sample tested key asset information used by the valuers in performing their valuation; ▶ We engaged our internal valuers to review the market yields used by the valuer to ensure they were in line with our expectations; ▶ We considered the annual cycle of valuations to ensure that assets have been valued within a five year rolling programme as required by the CIPFA Code; ▶ We reviewed assets not subject to valuation in 2019/20 to confirm that the remaining asset base is not materially misstated; ▶ We considered changes to useful economic lives as a result of the most recent valuation; and ▶ We reviewed the disclosures made by the Council in relation to the material uncertainty clauses to ensure they provide sufficient detail to the user of the financial statements. <p>We did not identify any material misstatements arising from the valuation of land and buildings. However, we identified two matters that are included on the following page.</p>

Financial Statement Audit (continued)

Further details on findings relating to the Valuation of Land and Buildings significant risk

Use of RICS BCIS Indices

The Council's external valuer performed a number of their 2019/20 property valuations as at 1 April 2019. This includes a number of specialised assets that follow a Depreciated Replacement Cost (DRC) methodology, which utilise the RICS BCIS indices. The BCIS indices used by the valuer as part of the DRC valuation are as at 1 April 2019. However, as the asset values disclosed in the Balance Sheet are as at 31 March 2020, we have updated the DRC calculations to use the revised BCIS indices as at 31 March 2020.

After using the 31 March 2020 BCIS indices we calculated a reduction in the value of assets of £968,000, when compared to the values that are disclosed in the financial statements.

This was not amended by management in the financial statements, as the value disclosed is not materially different.

Material uncertainty

The Council's external valuer disclosed a 'material uncertainty' in their year end valuation report in line with RICS guidance. The Council included this 'material uncertainty' disclosure within their financial statements. As part of our work we considered the extent of the valuation uncertainty and noted the following:

- ▶ Approximately 70% of the Council's assets are valued at DRC. Given DRC valuations are not informed by evidence of relevant market conditions which could have been impacted by Covid-19, we are satisfied that the outbreak of Covid-19 is unlikely to have led to significant uncertainty in the valuation.
- ▶ Although the Council does have a limited number of assets where the valuation is more reliant on market evidence we were satisfied, based on our detailed testing, that the values included in the draft financial statements are supportable.
- ▶ Based on the work we have undertaken we are satisfied that the carrying value of Property, Plant and Equipment disclosed in the financial statements is not materially misstated.

Financial Statement Audit (continued)

Other Key risks

Going concern and the impact of Covid-19

The CIPFA Code of Practice requires that the financial statements of Local Authorities are prepared on a going concern basis. However, due to the unpredictability of the current environment, we believe that there is a need for additional disclosures to be made by the Council in the financial statements, that detail the full financial and operational impact of Covid-19 in 2020/21 and beyond.

There is also an expectation that management will complete a detailed going concern assessment for 2019/20. This will focus on future funding streams and in particular cash flows for the Council for a period of at least 12 months from the date of the signing of the audit opinion. This assessment will then be used to support the Council's conclusion regarding whether the financial statements should be prepared on a going concern basis.

Conclusion

We performed the following procedures to address this risk:

- ▶ Tested management's cash flow forecast up to 30 November 2021, including challenging the assumptions made by management, to ensure that the forecast position is prudent and realistic;
- ▶ Reviewed management's overall going concern assessment, including reviewing revisions to the medium term financial strategy (MTFS) and the level of reserves held by the Council; and
- ▶ Reviewed and challenged the going concern and Covid-19 narrative disclosures made by management in the financial statements to ensure that they were appropriate and represent a true and fair view of the Council's position.

Based on the procedures performed we are content that the Council will have a positive cash balance through to 30 November 2021, which is at least 12 months from the date the audit opinion is signed. In addition, we are also content that the assumptions used by management as part of their going concern assessment are prudent and realistic.

Pension liability valuation

The Local Authority Accounting Code of Practice and IAS19 require the Council to make extensive disclosures within its financial statements regarding its membership of the Local Government Pension Scheme administered by Tyne and Wear Pension Fund.

The Council's pension fund deficit is a material estimated balance and the Code requires that this liability be disclosed on the Council's balance sheet. Per the draft financial statements at 31 March 2020, this totalled £465 million.

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

We performed the following procedures to address this risk:

- ▶ Liaised with the audit team of Tyne and Wear Pension Fund, to obtain assurances over the information supplied to the actuary in relation to North Tyneside Council;
- ▶ Assessed the work of the Pension Fund actuary (AON Hewitt) including the assumptions they used, by relying on the work of PwC, the consulting actuaries commissioned by the PSAA for all Local Government sector auditors, and considering any relevant reviews by the EY actuarial team; and
- ▶ Reviewed and tested the accounting entries and disclosures made within the Council's financial statements in relation to the pension disclosures.

As part of the assurances provided by the auditor of Tyne and Wear Pension Fund a difference between the total fund asset values at 31 March 2020, that were used by the actuary, and the value that they tested as part of their year end audit was highlighted. The estimated impact of this difference on North Tyneside Council's financial statements is that the pension liability is understated by £2.9 million. As this is an estimated position, management decided not to amend the financial statements. This is also immaterial so it did not impact upon our audit opinion.

Financial Statement Audit (continued)

Our application of materiality

When establishing our overall audit strategy, we determined a magnitude of uncorrected misstatements that we judged would be material for the financial statements as a whole.

Item	Thresholds applied
Planning materiality	<p>We determined planning materiality to be £11.3 million, which is 1.8% of gross expenditure on the provision of services reported in the financial statements.</p> <p>We consider gross expenditure to be one of the principal considerations for stakeholders in assessing the financial performance of the Council.</p> <p>It should be noted that the materiality levels used for the Group audit were in line with those used for the Council audit.</p>
Reporting threshold	<p>We agreed with the Audit Committee that we would report all audit differences in excess of £0.56 million.</p>

Section 4

Value for Money



Value for Money

We are required to consider whether the Council has put in place 'proper arrangements' to secure economy, efficiency and effectiveness in its use of resources. This is known as our value for money conclusion.

Proper arrangements are defined by statutory guidance issued by the National Audit Office. They comprise your arrangements to:

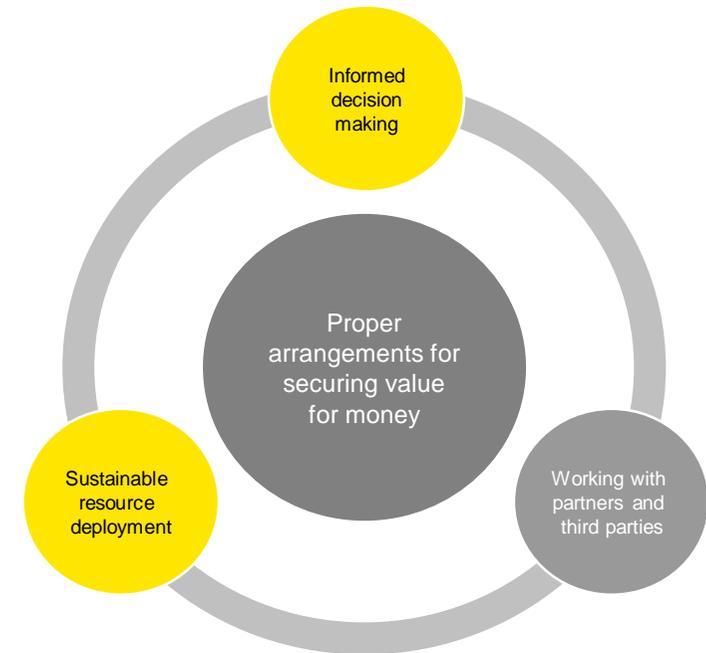
- ▶ Take informed decisions;
- ▶ Deploy resources in a sustainable manner; and
- ▶ Work with partners and other third parties.

On 16 April 2020 the National Audit Office published an update to auditor guidance in relation to the 2019/20 Value for Money assessment in the light of Covid-19. This clarified that in undertaking the 2019/20 Value for Money assessment auditors should consider NHS bodies' response to Covid-19 only as far as it relates to the 2019-20 financial year; only where clear evidence comes to the auditor's attention of a significant failure in arrangements as a result of Covid-19 during the financial year, would it be appropriate to recognise a significant risk in relation to the 2019-20 VFM arrangements conclusion.

We identified a significant risk in relation to these arrangements. The table on the following page presents the findings of our work in response to the risk identified.

We have performed the procedures outlined in our audit plan. We did not identify any significant weaknesses in the Council's arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people.

We therefore issued an unqualified value for money conclusion on 30 November 2020.



Value for Money (continued)

Significant Risk	Conclusion
<p>Financial Sustainability</p> <p>The Council continues to operate in a challenging financial environment. The main risks to the Council's finances are reductions in central government funding, increased reliance on locally raised taxes, increased budget pressures and demand for services. These circumstances resulted in the Council forecasting significant pressures against budget throughout the financial year.</p> <p>In addition, the Council now also has to manage the additional financial burden of dealing with Covid-19 and the increased strain this will have on both services and the underlying financial position.</p>	<p>We completed the following work in this area:</p> <ul style="list-style-type: none">▶ We selected a sample of savings plans and assessed their reasonableness, including testing of the assumptions used;▶ We discussed the specific plans in place for Health, Education, Care and Safeguarding to understand how the Council plans to control the overspends in this area;▶ We reviewed the level of reserves to ensure they are sufficient to cover the Council's assessment of the minimum required to provide its statutory services; and▶ We reviewed the Medium Term Financial Strategy (MTFS) and tested the reasonableness of a sample of the assumptions used. <p>Our testing identified that the Council delivered an underspend of £1.1 million against budget in 2019/20, which includes one off dividend payments from Newcastle Airport and Kier North Tyneside of £1 million. The Council also delivered 90% of proposed savings in 2019/20.</p> <p>We reviewed the Council's reserves and compared them to other similar sized Council's from across the Country. Based on this assessment we are satisfied that the Council has sufficient reserves in order to allow it to provide its statutory functions.</p> <p>The Covid-19 pandemic has had a significant impact on the Council's finances going forward, with the Council reporting a potential pressure of £11.4 million for 2020/21 to Cabinet in September 2020. However, the Council do have plans to mitigate this pressure. We have reviewed and challenged management's assessment, with a particular focus on the assumptions that have been used, and we are content that the revisions made by management to the plan are prudent and achievable.</p>



Section 5

Other Reporting Issues

Other Reporting Issues

Whole of Government Accounts

We are required to perform the procedures specified by the National Audit Office on the accuracy of the consolidation pack prepared by the Council for Whole of Government Accounts purposes.

We completed this work and had no issues to report.

Annual Governance Statement

We are required to consider the completeness of disclosures in the Council's annual governance statement, identify any inconsistencies with the other information of which we are aware from our work, and consider whether it is misleading.

We completed this work and did not identify any areas of concern.

Report in the Public Interest

We have a duty under the Local Audit and Accountability Act 2014 to consider whether, in the public interest, to report on any matter that comes to our attention in the course of the audit in order for it to be considered by the Council or brought to the attention of the public.

We did not identify any issues which required us to issue a report in the public interest.

Written Recommendations

We have a duty under the Local Audit and Accountability Act 2014 to designate any audit recommendation as one that requires the Council to consider it at a public meeting and to decide what action to take in response.

We did not identify any issues which required us to issue a written recommendation.

Objections Received

We did not receive any objections to the 2019/20 financial statements from members of the public.

Other Powers and Duties

We identified no issues during our audit that required us to use our additional powers under the Local Audit and Accountability Act 2014.

Independence

We communicated our assessment of independence in our Audit Results Report to the Audit Committee on 18 November 2020. 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 regulatory and professional requirements.

Other Reporting Issues (continued)

Control Themes and Observations

As part of our work, we obtained an understanding of internal control sufficient to plan our audit and determine the nature, timing and extent of testing performed. Although our audit was not designed to express an opinion on the effectiveness of internal control, we are required to communicate to you significant deficiencies in internal control identified during our audit.

We did not identify any significant deficiencies in the design or operation of an internal control that might result in a material misstatement in the Council's financial statements. However, we did identify four areas where processes and controls can be further enhanced to support the robustness of the overall control environment at the Council:

Control Observation	Recommendation
<p>Lack of evidenced review of journals greater than £500,000 - It is our understanding that all journals posted that are greater than £500,000 in value are reviewed and authorised by a member of the North Tyneside Council finance team. However, we were unable to identify any formal evidence of this review taking place.</p>	<p>We recommend that evidence of the review of all journals above £500,000 is retained.</p>
<p>Accruals de minimis level - The Council has an accruals de minimis level of £1,000, which means all items above this value should be accrued. However, as part of our audit procedures we identified a small number of immaterial transactions above this value that relate to 2018/19. This suggests that the accruals de minimis level is not followed in all instances.</p>	<p>We are aware from our audits of other similar sized Local Authorities that their accruals de minimis level is higher than £1,000. We would therefore recommend that the Council explores increasing the de minimis level in order to enhance the efficiency of this process and reduce the number of missed accruals.</p>
<p>Members allowances - The Council is required to disclose the total value of members allowances in the financial statements and also separately on the Council's website. Although, the information on the Council's website is not subject to audit, we have identified differences between the draft financial statements and the values disclosed on the website.</p>	<p>We recommend that the Council performs a consistency review between the website and the draft financial statements before the information is posted.</p>
<p>Better Care Fund agreement - The Better Care Fund Agreement between the Council and North Tyneside Clinical Commissioning Group (CCG) for 2019/20 was not signed. However, it should be noted that the Council and the CCG did follow the instructions set out in the draft agreement during 2019/20.</p>	<p>We recommend that the Council ensures all formal agreements are signed.</p>

Audit Fees

	Final fee 2019/20	Final fee 2018/19
	£	£
Total Fee - Code work (Scale Fee)	125,250	85,200
Total Fee - Code work (Variation)	17,600*	26,250
Total Audit fee	142,850	111,450
Total Fee - North Tyneside Trading Company and subsidiaries	27,000	3,800
Total additional group fees	27,000	3,800
Non-audit work - Housing Benefit certification	12,800	6,550
Non audit-work - Other certification work	10,500	4,925
Total other non-audit services	23,300	11,475
Total fees	193,150	126,725

* Fee variations are due to the impact of the Covid-19 pandemic on our audit, as we have been required to perform additional procedures in order to allow us to conclude on the Council's financial statements.

In our Audit Planning Report, presented to the Audit Committee in July 2020, and also in our Audit Results Report, presented to the Audit Committee in November 2020, we set out a number of key factors that have resulted in the need for us to increase our audit fees for the 2019/20 audit year. We have set out below an overview of the factors that continue to impact audit fees. In summary:

- ▶ Recent high profile corporate failures have weakened public trust and confidence in both the auditing profession and business at large. Multiple ongoing regulatory reviews continue to reshape the corporate reporting environment and raise fundamental questions about the purpose, product and role of an external audit, as well as the accountability of auditors and those charged with governance.
- ▶ Financial reporting and decision making continues to become increasingly complex. Additionally, there has been a significant increase in the focus on areas of the financial statements where judgemental estimates are made. This is to address stakeholder understanding and regulatory expectations on the extent of audit procedures performed in areas such as the valuation of land and buildings and pension assets and liabilities.

In continuing to respond to these factors we seek higher levels of corroborative evidence, including increasing sample sizes and engage with our internal specialists more extensively and on a wider array of matters. Additionally, we continue to increase our investment in data analytics tools to allow us to test more transactions to a greater level of detail and enhance audit quality. To support the increasing regulatory focus, we invest in our audit quality infrastructure. As a firm our compliance costs have doubled over the past five years.

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