

Audit Committee, 12 June 2018

National Audit Office (NAO) Audit Completion Report on the 2017-18 financial statements

Executive summary and recommendations

Introduction

The NAO's audit completion report is attached for the Committee's consideration.

Decision

The Committee is asked to review the findings set out in the NAO's audit completion report for 2017-18, including letter of representation and audit certificate at the end of the report.

The NAO has also referred to haysmacintyre's unadjusted misstatement on page 7 of the report, the Committee is asked to confirm that it should **not** be corrected.

Background information

In previous years, the NAO has performed a dual role, auditing the accounts on behalf of the Council, and supporting the Comptroller and Auditor General's certification to Parliament. In December 2017, the Council has appointed haysmacintyre to audit the accounts and reporting to the Council, alongside the NAO. The NAO will rely on the work of haysmacintyre where appropriate and support the Comptroller and Auditor General's certification to Parliament.

The audit completion report also includes as an appendix the draft "letter of representation" that the NAO ask the Accounting Officer to sign. This is a standard audit procedure which provides the auditors with explicit confirmation of various points which are implicit in the draft accounts.

Resource implications

None

Financial implications

NAO audit fee £5,000

Appendices

NAO's Audit Completion Report

Date of paper

4 June 2018

Health and Care Professions Council
Audit completion report (including
management letter) on the 2017-18

FINANCIAL STATEMENT AUDIT

Report to those charged with governance
12 June 2018

This report presents our findings from the audit of 2017-18 financial statements

We anticipate recommending to the Comptroller and Auditor General (C&AG) that he should certify the 2017-18 financial statements with an unqualified audit opinion, without modification. The draft audit certificate is presented in Appendix 2 – Audit Certificate.

At the date of this report our audit of the financial statements is substantially finalised subject to completion of internal review process. At the time of writing we are awaiting provision of the final draft Annual Report and Account reflecting the revisions made to respond to our comments on the version provided for audit. A verbal update of progress will be provided at the Audit Committee meeting.

The total audit fee charged for the year is in line with that set out in our Audit Planning Report, £5,000. There are no contingent fees in respect of the Health and Care Professions Council (HCPC).

Actions for the Audit Committee

The Audit Committee is invited to:

- Review the findings set out in this report, including the draft letter of representation and audit certificate at Appendix 1 and 2 respectively; and
- Consider whether the unadjusted misstatement identified by haysmacintyre's testing, set out in the identified misstatements section on page 7 should be corrected. The Audit Committee minutes should provide written endorsement of management's reasons for not adjusting misstatements.

We would like to thank the outgoing Director of Finance, Interim Director of Finance and their team for their assistance during the audit process.

Audit risks (page 6)

Presumed risks

Fraud arising from management override of controls

Testing performed has not identified any indications of fraud arising from management override of controls.

Fraud in revenue recognition

The income recognition policy remains consistent with prior years and is in line with accounting standards. Testing has not identified any indication of fraudulent reporting of income within the financial statements.

Other risks

Completeness and valuation of fixed assets

Assets have been capitalised in accordance with the fixed asset policies. Testing did not identify any capital expenditure that had been incorrectly recognised as operating expenditure.

A formal valuation has resulted in a £829k impairment of the Park House asset and this has been accounted for appropriately within the financial statements.

Reliance on haysmacintyre and work to support regularity opinion (pages 5 and 7)

We rely on the work of haysmacintyre under the provisions of International Standard on Auditing (ISA) UK 600, to support the C&AG's 'true and fair' opinion. We have performed procedures to earn the right to rely on their work, and we have been involved in their work throughout the audit process.

The C&AG is required to provide an opinion on regularity, and we perform some additional work to support this opinion. We have not identified any findings relating to regularity

Materiality

£0.6m

We have reported all misstatements above £30,000.

Audit adjustments

£0m

There have been no adjustments made to the financial statements as a result of the audit work performed.

Unadjusted misstatements (page 7)

£0m

The net effect of the one unadjusted misstatement on the statement of comprehensive net expenditure and statement of financial position.

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Status of our audit At the date of this report our audit of the financial statements is substantially complete subject to completion of the areas detailed below.

Current outstanding work, which must be resolved prior to completion of the audit, comprises:

- Review of the final draft annual report and accounts (once provided by HCPC);
- Confirmation that haysmacintyre have completed their audit work (outstanding points are detailed within their Audit Findings Report presented to the Committee);
- Completion of our internal review processes; and
- Completion of our checks on the final version of the Annual Report and Accounts signed by the Accounting Officer.

Following resolution of the issues listed above, the Accounting Officer will sign the annual report and accounts together with a letter of representation, the proposed wording of which is included as an appendix to this report.

Our reliance on the work of haysmacintyre

Under legislation, the HCPC is required to appoint its own auditors, who are qualified under the Companies Act 2006. haysmacintyre has been appointed to this role for 2017-18. The C&AG is then required to examine, certify and report to Parliament on the financial statements. We rely on haysmacintyre's work to the fullest extent possible to inform the C&AG's audit opinion on the financial statements.

We have followed the guidance in International Standards on Auditing (UK). We applied the principles of International Standard on Auditing (ISA) (UK) 600 *Special considerations – audits of group financial statements (including the work of component auditors)*. As part of this work, we consider the professional, ethical and independence requirements, and whether we share common policies and procedures. We also liaise regularly with haysmacintyre to ensure we have a common view of audit risks, we attend audit planning and close meetings, and review the audit file to earn the right to rely on haysmacintyre's work to support the C&AG's true and fair opinion. We have:

- performed our audit using the same materiality and clearly trivial threshold as haysmacintyre, and
- Considered the identified audit risks, responses and findings of haysmacintyre and fed this into our own risk assessment and audit response; and
- Reported the same errors as haysmacintyre.

In addition to our reliance on haysmacintyre, we also perform audit work to support the C&AG's separate opinion on regularity, and we perform a full review of the draft Annual Report and Accounts. Our findings on these areas are set out on page 7.

Findings from our work on significant risks

As outlined in our Audit Planning Report presented to the Audit Committee at its meeting on 6 March 2018, we identified the following significant risks of material misstatement

- Presumed risk of fraud arising from management override of controls;
- Presumed risk of fraud in revenue recognition; and
- Valuation and completeness of fixed assets

We have undertaken a review of the work performed by haysmacintyre in response to these risks and concur with their conclusions as detailed within the Audit Finalisation Report. We note that in conducting their work haysmacintyre have identified one internal control matter relating to the processing of income which has been reported to the Committee. This does not impact on the audit conclusion on the identified risk of fraud in revenue recognition.

Other areas of audit focus

The following are matters which we considered had a direct impact on the financial statements but did not represent significant risks of material misstatement as defined by ISA (UK) 315.

- Completeness of creditors;
- Completeness and valuation of staff costs; and
- Establishment of Social Work England

As noted in our Audit Planning Report, the first two of these were considered to be significant risks by haysmacintyre but based on our knowledge of previous audits, not considered such in our own risk assessment. We have kept this assessment in view throughout the audit (including consideration of the results of the work performed by haysmacintyre in their audit of these areas) and consider that it remains appropriate.

We have continued to monitor the developments in respect of the establishment of Social Work England and the timing of the transfer of registration of Social Workers to this new regulator. Current expectation is the transfer will not be before September 2019. An agreement for provision of funding to cover the costs of transfer has been signed by the Department for Education and we understand that Council continue to consider how to incorporate the impact of the lost social worker fees into forward plans.

As the transfer remains more than 12 months in the future and funding for the more immediate transfer costs has been agreed we are content that management's assessment of going concern is reasonable. We will continue to keep this matter in view in the 2018-19 audit.

Areas of management judgement/estimate

There are relatively few areas of significant management judgement and estimation within the financial statements, aside from standard areas such as depreciation, accruals, prepayments and provisions.

However, as disclosed in the financial statements, HCPC has obtained a valuation for land and buildings at Park House as at 31 March 2018 which has resulted in a £829k impairment of the asset value. Such a change gives rise to a risk that the asset value becomes materially misstated. In response both haysmacintyre and the NAO have considered in detail the professional valuer's report. Previously the value of Park House reflected the investment made by HCPC in its refurbishment. In reaching a new valuation the approach has been to use the potential market rent per square foot which is permissible under the relevant standards. We note that in identifying an appropriate rate per square foot adjustment has been made to reflect that:

1. the space is laid out in "a specialised, somewhat inflexible manner"; and
2. the size of the space means a lower rent per square foot is likely to be achieved.

The change in valuation approach has given rise to the impairment. We have concluded that the approach is compliant with the relevant standards and is therefore not unreasonable. The adjustments described above do however appear to build a certain level of prudence into the valuation that the Audit Committee should be aware of as it considers the accounts.

Identified misstatements

As reported in haysmacintyre's Audit Finalisation Report, their work has identified one misstatement relating to £463k prepaid rates. As the error is simply in relation to the classification of the balance within the Statement of Financial Position it has a nil impact on both the reported net asset position and the retained deficit reported within the Statement of Comprehensive Expenditure. HCPC have not adjusted for this error.

Financial statement disclosures

We have made a number of suggestions to improve narrative disclosures and to ensure completeness of the disclosures required under the FReM and other relevant guidance. The most significant suggestions related to the potential future impact of new IFRSs and ensuring that disclosures on parliamentary accountability were complete.

At the time of writing we have yet to be provided and review the final draft annual report and accounts to confirm all suggested amendments have been made by management. A verbal update will be provided to the Committee at its meeting on 12 June 2018.

Accounting policies and financial reporting

We have reviewed and considered the appropriateness of the judgements made by the entity on accounting policies.

We are content that the accounting policies are complete, accurate and compliant with the relevant standards and have been appropriately applied..

Regularity, propriety and losses

We perform work in order to obtain evidence that HCPC's transactions in year are in line with Parliament's intentions, and to support the C&AG's regularity opinion.

As a part of this work, we:

- attend all Audit and Risk Committee meetings and review all Council meeting minutes in order to identify any significant transactions which may be outside of HCPC's governing legislation and regulations, and
- review areas of expenditure where there is a higher inherent risk of irregularity – specifically, we consider any extra-contractual payments, particularly those made to related parties and HCPC staff.

We found no issues of irregularity or impropriety during our audit.

We have completed our audit of the 2017-18 financial statements in accordance with International Standards on Auditing (UK) issued by the Financial Reporting Council and with the audit planning report presented to the Audit Committee in March 2018.

We have also read the content of the draft annual report and the governance statement to confirm that:

- the parts of the Accountability Report to be audited have been properly prepared in accordance with Privy Council directions made under the Health and Social Work Professions Order 2001;
- in the light of the knowledge and understanding of the HCPC and its environment obtained in the course of the audit, I have not identified any material misstatements in the Performance Report or the Accountability Report;
- the information given in the Performance and Accountability Reports for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- that the governance statement has been prepared in accordance with HM Treasury guidance.

As part of our audit, we assessed:

- whether the accounting policies are appropriate to the HCPC's circumstances and have been adequately disclosed;
- the reasonableness of significant accounting estimates made by the Accounting Officer; and
- the overall presentation of the financial statements.

We are also required to obtain evidence sufficient to give reasonable assurance that the expenditure and income recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

Independence

We are independent of the HCPC in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities/public interest entities. We have fulfilled our ethical responsibilities in accordance with these requirements and have developed important safeguards and procedures in order to ensure our independence and objectivity.

Information on NAO quality standards and independence can be found on the NAO website:

<https://www.nao.org.uk/about-us/our-work/governance-of-the-nao/transparency/>.

International standards on Auditing (UK)

We consider that there are no additional matters in respect of items requiring communication to you, per International Standards on Auditing (UK), that have not been raised elsewhere in this report or our audit planning report. Items requiring communication cover:

- Fraud
- Going concern
- HCPC's compliance with laws and regulations
- Significant difficulties completing the audit
- Disagreements or other significant matters discussed with management

Cooperation with other auditors

The 'First tier' auditors

As set out more fully on page 4, we have performed procedures to confirm we are able to rely on the audit work of haysmacintyre, in line with our planned approach.

Internal Audit

We have not relied upon the work of internal audit, although we have considered all of their reports and their annual assurance opinion in forming our assessment of risk in the financial statements, and in our assessment of the Governance Statement.

Internal control issues

We have not identified any issues in respect of internal controls over and above those already reported within the first tier auditor's Audit Finalisation Report.

Management of personal data

During the course of our audit we have had access to personal data to support our audit testing.

The General Data Protection Regulations (GDPR) came into force in May 2018. These regulations make no difference to the C&G's access rights.

The Data Protection Act provides the C&AG with an exemption from the individual rights provisions where to apply the provisions would be likely to prejudice the proper discharge of the C&AG functions. For example this would mean that we would not need to inform an individual about processing nor could an individual object to processing of their information for audit purposes where that would disrupt an efficient audit.

We take our obligations under GDPR seriously. We have appointed a Data Protection Officer and all our staff are required to comply with formal data protection policies, guidelines and procedures designed to keep third party data secure and support privacy by design. We will destroy, return, or store personal data as necessary on completion of our work.

We confirm that we have discharged those responsibilities communicated to you in the NAO's Statement on Management of Personal Data.

The statement on the Management of Personal Data is available on the NAO website:

<http://www.nao.org.uk/freedom-of-information/publication-scheme/how-we-make-decisions/our-policies-and-procedures/policies-and-procedures-for-conducting-our-business>

Communication with the NAO

Organisations we audit tell us they find it helpful to know about our new publications, cross-government insight and good practice.

We share this through our [e:newsletter](#), [Round-up for Audit Committees](#) and email notifications about to our work on particular sectors or topics. If you would like to receive any of these, please sign up at: <http://bit.ly/NAOoptin>. You will always have the option to amend your preferences or unsubscribe from these emails at any time.

Appendices

The Comptroller and Auditor General
National Audit Office
157-197 Buckingham Palace Road
Victoria
LONDON
SW1W 9SP

LETTER OF REPRESENTATION: HEALTH AND CARE PROFESSIONS COUNCIL 2017-18

I acknowledge as Accounting Officer of the Health and Care Professions Council my responsibility for preparing accounts that give a true and fair view of the state of affairs, retained deficit, changes in reserves and cash flows of the Health and Care Professions Council for the year ended 31 March 2018.

In preparing the accounts, I was required to:

- observe the accounts direction issued by the Privy Council Office, including the relevant accounting and disclosure requirements and apply appropriate accounting policies on a consistent basis
- make judgements and estimates on a reasonable basis;
- state whether applicable accounting standards have been followed and disclosed and explain any material departures in the accounts; and
- make an assessment that the Health and Care Professions Council is a going concern and will continue to be in operation throughout the next year; and ensure that this has been appropriately disclosed in the financial statements.

I confirm that for the financial year ended 31 March 2018:

- neither I nor my staff authorised a course of action, the financial impact of which is that transactions infringe the requirements of regularity as set out in Managing Public Money;
- having considered and enquired as to the Health and Care Professions Council's compliance with law and regulations, I am not aware of any actual or potential non-compliance that could have a material effect on the ability of the Health and Care Professions Council to conduct its business or on the results and financial position disclosed in the accounts;
- all accounting records have been provided to you for the purpose of your audit and all transactions undertaken by the Health and Care Professions Council have been properly reflected and recorded in the accounting records. All other records and related information, including minutes of all management meetings which you have requested have been supplied to you; and
- the information provided regarding the identification of related parties is complete; and the related party disclosures in the financial statements are adequate.

All material accounting policies as adopted are detailed in note 1 to the accounts.

INTERNAL CONTROL

I acknowledge as Accounting Officer my responsibility for the design and implementation of internal controls to prevent and detect error and I have disclosed

to you the results of my assessment of the risk that the financial statements could be materially misstated.

I confirm that I have reviewed the effectiveness of the system of internal control and that the disclosures I have made are in accordance with HM Treasury guidance on the Governance Statement.

FRAUD

I acknowledge as Accounting Officer my responsibility for the design and implementation of internal controls to prevent and detect fraud and I have disclosed to you the results of my assessment of the risk that the financial statements could be materially misstated as a result of fraud.

I am not aware of any fraud or suspected fraud affecting the Health and Care Professions Council and no allegations of fraud or suspected fraud affecting the financial statements has been communicated to me by employees, former employees, analysts, regulators or others.

ASSETS

General

All assets included in the statement of financial position were in existence at the reporting date and owned by the Health and Care Professions Council and free from any lien, encumbrance or charge, except as disclosed in the accounts. The

statement of financial position includes all tangible assets owned by the Health and Care Professions Council.

Non-Current Assets

All assets over £5,000 are capitalised. Land and buildings were revalued as at 31 March 2018 with a full valuation carried out by professionally qualified Chartered Surveyors. Plant, equipment and intangibles are relatively low value items with relatively short useful lives, and are stated at historic cost of acquisition less accumulated depreciation and impairment losses as a proxy for fair value. Depreciation is calculated to reduce the net book amount of each asset to its estimated residual value by the end of its estimated useful life in the Health and Care Professions Council's operations.

Other Current Assets

On realisation in the ordinary course of the Health and Care Professions Council's operations the other current assets in the statement of financial position are expected to produce at least the amounts at which they are stated. Adequate provision has been made against all amounts owing to the Health and Care Professions Council which are known, or may be expected, to be irrecoverable.

LIABILITIES

General

All liabilities have been recorded in the statement of financial position. There were no significant losses in the year and no provisions for losses were required at the year-end.

Provisions

Provision is made in the financial statements for:

- Dilapidation costs in respect of leased office space at 405 Kennington Park Road; and
- Retention fees in relation to the capital improvement works project at 186 Kennington Park Road

Contingent Liabilities

I am not aware of any pending litigation which may result in significant loss to the Health and Care Professions Council, and I am not aware of any action which is or may be brought against the Health and Care Professions Council under the Insolvency Act 1986.

OTHER DISCLOSURES

Results

Except as disclosed in the accounts, the results for the year were not materially affected by transactions of a sort not usually undertaken by the Health and Care Professions Council, or circumstances of an exceptional or non-recurring nature.

Going concern

I am satisfied that the HCPC is a going concern. I have reached this conclusion based on the budget for 2018-19, the five year plan, the fact that the government's planned date for the transfer of the regulation of social workers to Social Work England is more than 12 months from the date of approval of the annual report and accounts, and the significant cash balances held by the HCPC.

Unadjusted Errors

One unadjusted error has been brought to my attention being the recognition of a liability and prepaid costs of £463k relating to rates. The net impact of this error on closing reserves is nil.

I consider the effect of this unadjusted error to be immaterial to the financial statements taken as a whole.

Events after the Reporting Period

Except as disclosed in the accounts, there have been no material changes since the reporting date affecting assets, liabilities and commitments, and no events or transactions have occurred which, though properly excluded from the accounts, are of such importance that they should have been brought to notice.

Management of Personal Data

Except as disclosed in the relevant sections of the Annual Report, there have been no personal data related incidents in the accounting period subject to audit which are required to be reported.

Marc Seale

Accounting Officer and Chief Executive

[Date] *This must be the same date as the date the financial statements are signed*

THE CERTIFICATE AND REPORT OF THE COMPTROLLER AND AUDITOR GENERAL TO THE HOUSES OF PARLIAMENT AND THE SCOTTISH PARLIAMENT

Opinion on financial statements

I certify that I have audited the financial statements of the Health and Care Professions Council for the year ended 31 March 2018 under the under Article 46(5) of the Health and Social Work Professions Order 2001. The financial statements comprise: the Statements of Comprehensive Net Expenditure, Financial Position, Cash Flows, Reserves; and the related notes, including the significant accounting policies. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Accountability Report that is described in that report as having been audited.

In my opinion:

- the financial statements give a true and fair view of the state of the Health and Care Professions Council's affairs as at 31 March 2018 and of the retained deficit for the year then ended; and
- the financial statements have been properly prepared in accordance with the Health and Social Work Professions Order 2001 and the Privy Council directions issued thereunder.

Opinion on regularity

In my opinion, in all material respects the income and expenditure recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

Basis of opinions

I conducted my audit in accordance with International Standards on Auditing (ISAs) (UK) and Practice Note 10 'Audit of Financial Statements of Public Sector Entities in the United Kingdom'. My responsibilities under those standards are further

described in the Auditor's responsibilities for the audit of the financial statements section of my certificate. Those standards require me and my staff to comply with the Financial Reporting Council's Revised Ethical Standard 2016. I am independent of the Health and Care Professions Council in accordance with the ethical requirements that are relevant to my audit and the financial statements in the UK. My staff and I have fulfilled our other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Responsibilities of the Council and Accounting Officer for the financial statements

As explained more fully in the Statement of Accounting Officer's Responsibilities, the Council and the Accounting Officer are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Auditor's responsibilities for the audit of the financial statements

My responsibility is to audit, certify and report on the financial statements in accordance with Article 46(5) of the Health and Social Work Professions Order 2001

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. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs (UK), I exercise professional judgment and maintain professional scepticism throughout the audit. I also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Health and Care Professions Council's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Health and Care Professions Council's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the entity to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

In addition, I am required to obtain evidence sufficient to give reasonable assurance that the income and expenditure reported in the financial statements have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Other Information

The Council and the Accounting Officer are responsible for the other information. The other information comprises information included in the Annual Report, other than the parts of the Accountability Report described in that report as having been audited, the financial statements and my auditor's report thereon. My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon. In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

Opinion on other matters

In my opinion:

- the parts of the Accountability Report to be audited have been properly prepared in accordance with Privy Council directions made under the Health and Social Work Professions Order 2001;
- in the light of the knowledge and understanding of the Health and Care Professions Council and its environment obtained in the course of the audit, I have not identified any material misstatements in the Performance Report or the Accountability Report; and
- the information given in the Performance Report and Accountability Report 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 have nothing to report in respect of the following matters which I report to you if, in my opinion:

- adequate accounting records have not been kept or returns adequate for my audit have not been received from branches not visited by my staff; or
- the financial statements and the parts of the Accountability Report to be audited are not in agreement with the accounting records and returns; or
- I have not received all of the information and explanations I require for my audit; or
- the Governance Statement does not reflect compliance with HM Treasury's guidance.

Report

I have no observations to make on these financial statements.

Sir Amyas C E Morse

Comptroller and Auditor General

National Audit Office

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Victoria

London

SW1W 9SP

Date