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Tayside Contracts Joint Committee

Annual audit report to the members of
Tayside Contracts Joint Committee and the Controller of Audit

Audit: year ended 31 March 2013

20 September 2013

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in connection with this
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About this report

This report has been prepared in accordance with the responsibilities set out within the Audit Scotland's *Code of Audit Practice* ("the Code").

This report is for the benefit of Tayside Contracts Joint Committee ("the Joint Committee") and is made available to Audit Scotland and the Accounts Commission (together "the beneficiaries"), and has been released to the beneficiaries on the basis that wider disclosure is permitted for information purposes, but that we have not taken account of the wider requirements or circumstances of anyone other than the beneficiaries.

Nothing in this report constitutes an opinion on a valuation or legal advice.

We have not verified the reliability or accuracy of any information obtained in the course of our work, other than in the limited circumstances set out in the scope and objectives section of this report.

This report is not suitable to be relied on by any party wishing to acquire rights against KPMG LLP (other than the beneficiaries) for any purpose or in any context. Any party other than the beneficiaries that obtains access to this report or a copy and chooses to rely on this report (or any part of it) does so at its own risk. To the fullest extent permitted by law, KPMG LLP does not assume any responsibility and will not accept any liability in respect of this report to any party other than the beneficiaries.

This annual audit report summarises our findings in relation to the audit for the year ended 31 March 2013. Our audit work is undertaken in accordance with Audit Scotland's Code of Audit Practice ("the Code").

This report also sets out those matters specified by ISA (UK and Ireland) 260: *Communication with those charged with governance* in relation to the financial statements for the year ended 31 March 2013.

We wish to record our appreciation of the continued co-operation and assistance extended to us by Joint Committee staff during the course of our work.

Area	Summary observations	Analysis
Use of resources		
Financial position	<p>The Joint Committee achieved a surplus of £1.69 million compared with a budget of £850,000 in respect of the year ended 31 March 2013.</p> <p>The business plan included an objective to return a surplus of £750,000 to the constituent councils in respect of 2012-13. As a result of the final outturn, the amount returned was increased to £1.26 million.</p> <p>The Joint Committee expects to utilise £1.13 million of reserves in 2013-14 to meet costs associated with implementing the 'living wage' for its staff. Use of reserves to meet these additional costs is not sustainable and management are discussing future funding options with the constituent local authorities.</p> <p>The construction and facilities services divisions have both achieved the prescribed financial objective of achieving a break even position over a rolling three year period with surpluses of £979,000 and £2.43 million, respectively (excluding adjustments for pensions).</p>	Pages 6 to 8
Financial statements and accounting		
Accounting policies	<p>The Code of Practice on Local Authority Accounting in the United Kingdom 2012-13 ("the Code of Practice") did not include any major amendments which impacted on the preparation of the Joint Committee's financial statements.</p> <p>There have been no changes to accounting policies in 2012-13, which have been applied consistently.</p>	Page 10
Key judgement areas	<p>We have considered key accounting judgements in relation to accounting for pensions under IAS 19 <i>Employee benefits</i>. We concur with management's judgements in respect of actuarial assumptions used to estimate the net pension liability.</p>	Page 11
Audit conclusions	<p>We have issued an unqualified audit opinion on the 2012-13 financial statements.</p>	Page 12
Year-end process	<p>The unaudited financial statements were made available in accordance with the statutory timetable and were accompanied by working papers of a good standard. There is one unadjusted audit difference related to accruals, details of which are provided at appendix two.</p>	Page 12 Appendix 2

Governance and narrative reporting		
Governance arrangements	<p>The minute of agreement between the Joint Committee and the constituent local authorities was drafted in 1995 and could better reflect the way the Joint Committee and constituent local authorities work or conduct their business. Together with the constituent local authorities, an updated minute of agreement is being prepared for consideration and approval.</p> <p>Over-arching and supporting corporate governance arrangements remain primarily unchanged and provide a sound framework for organisational decision-making.</p> <p>The Joint Committee undertook a self-assessment review of the effectiveness of its governance arrangements. This indicated a high-level of compliance.</p>	Page 14
Systems of internal control	<p>Our testing, combined with that of internal audit, of the design and operation of financial controls over significant risk points confirms that controls are designed appropriately and operating effectively.</p>	Page 14
Other matters	<p>We are satisfied that arrangements in respect of maintaining standards of conduct and the prevention and detection of fraud and corruption are appropriate for the Joint Committee's circumstances.</p> <p>The internal audit annual report provides an opinion that <i>"the Organisation operates adequate and effective internal control systems as defined in the audit needs assessment. Proper arrangements are in place to promote and secure Value for Money."</i></p>	Page 15

Purpose of this report

Our annual audit report is designed to summarise our opinion and conclusions on significant issues arising from our audit of the Joint Committee's financial statements for 2012-13 in accordance with the Code. It is addressed to both those charged with governance at the Joint Committee and the Controller of Audit. The scope and nature of our audit were set out in our audit strategy document which was presented to the Joint Committee at the outset of our audit.

Responsibilities

It is the responsibility of the Joint Committee and the proper officer to prepare the financial statements in accordance with the proper practices set out in the Code of Practice on Local Authority Accounting in the United Kingdom 2012-13 ("the Code of Practice"). An audit of the financial statements is not designed to identify all matters that may be relevant to those charged with governance. Weaknesses or risks identified are only those which have come to our attention during our normal audit work in accordance with the Code, and may not be all that exist. Communication by auditors of matters arising from the audit of the financial statements or of risks or weaknesses does not absolve management from its responsibility to address the issues raised and to maintain an adequate system of control.

Under the requirements of International Standard on Auditing (UK and Ireland) ('ISA') 260 *Communication with those charged with governance*, we are required to communicate audit matters arising from the audit of financial statements to those charged with governance of an entity. Together with our previous reports, this annual audit report to the Joint Committee discharges the requirements of ISA 260.

Use of resources

Our perspective on the Joint Committee's use of resources

The Joint Committee achieved a surplus of £1.69 million compared with a budget of £850,000 in respect of the year ended 31 March 2013.

The business plan included an objective to return a surplus of £750,000 to the constituent councils in respect of 2012-13. As a result of the final outturn, the amount returned was increased to £1.26 million.

The construction and facilities services divisions have both achieved the prescribed financial objective of achieving a break even position over a rolling three year period with surpluses of £979,000 and £2.43 million, respectively (excluding IAS 19 adjustments for pensions).

2012-13 was the second year of the Joint Committee's three year business plan which was approved on 9 May 2011. The business plan sets out the strategic objectives of the Joint Committee and is supported by service plans for each division and unit. The overall theme of the business plan is "Transformation – delivering more for less".

The business plan includes five key business objectives and the Joint Committee conducted an annual business plan review in June 2013. The review considered progress against the priorities, actions plans and targets set out in the business plan, corporate results framework and annual corporate improvement plan.

The Joint Committee has met or exceeded the majority of its key performance outcome targets with exceptions relating to sickness absence and accident rates.

The 2012-13 budget anticipated a surplus of £850,000. The final outturn was a surplus of £1.69 million. The following table summarises the Joint Committee's overall performance against budget in 2012-13.

	Budget £'000	Actual £'000	Variance £'000
Income	62,002	68,466	6,464
Expenditure	61,152	66,777	5,625
Surplus	850	1,689	839

During 2012-13, external income was £68.5 million (2010-11, £65.7 million). Charges to constituent local authorities – Angus, Dundee City and Perth and Kinross Councils – increased by £2.74 million to £62.17 million compared with 2011-12.

The Joint Committee is reliant on the constituent local authorities and associated public bodies (including PPP school contracts) for the majority of its income (95%).

Regular workload monitoring reports are presented to the Joint Committee and continue to indicate a strong pipeline.

The requirement of the Joint Committee's constituent local authorities, as detailed in the business plan, was to return a surplus of £850,000 in respect of the year ended 31 March 2013. As a result of the positive variance on the Joint Committee's outturn, an increased distribution of £1.26 million is to be made to the constituent local authorities. This is distributed based on the proportions agreed by the Joint Committee in November 2011 (which are expected to remain for three years), being Angus Council, 31.5%, Dundee City Council, 33.0% and Perth and Kinross Council, 35.5%. The remaining balance of £435,000 has been retained within the general fund which has increased to £1.63 million as at 31 March 2013, representing 2.4% of income (2012-13, 1.5%).

The Joint Committee expects to utilise £1.13 million of reserves in 2013-14 to meet costs associated with implementing the 'living wage' for its staff. Use of reserves to meet these additional costs is not sustainable and management are discussing implications and future funding options with its constituent local authorities.

Net comprehensive income for the year ended 31 March 2013 was £3.49 million (2011-12, expenditure £13.58 million). The significant variance is primarily a result of actuarial gains on pension assets and liabilities of £4.45 million (2011-12, loss £13.82 million).

Statutory trading operations

The Local Government in Scotland Act 2003 prescribes that the Joint Committee's trading operations should achieve a break-even position over a rolling three year period.

The construction and facilities services divisions have both achieved this financial objective three year surpluses of £979,000 and £2.43 million, respectively (excluding pension adjustments for pensions).

The construction division performed strongly during 2012-13.

Construction services division – trading account

The construction services has performed strongly during 2012-13. A roads maintenance partnership with Perth & Kinross Council was established during the year and has delivered financial and operational service benefits. The division continues to focus on other partnerships and continuation of Lean thinking and processes into the way work is conducted.

- Income has increased by £2.79 million (6.5%). Spending by constituent councils on construction increased. While management expected similar levels of income in 2012-13, regeneration work in Dundee City continued to be awarded to the Joint Committee and sub-contracted as appropriate.
- Sub-contractor costs have fallen significantly by £3.37 million (35%) due to the number of large projects in the year which required outside assistance in 2011-12 ending, partially offset by additional direct purchases in respect of raw materials.
- Direct labour costs after pension adjustments, have increased by £346,000 and overheads have increased by £887,000.

Construction services division			
	2013	2012	Movement
	£'000	£'000	£'000
Income			
Charges to constituent councils	40,685	37,921	2,764
Charges to internal users	147	154	(7)
Other income	4,534	4,505	29
	45,366	42,580	2,786
Expenditure			
Direct labour	10,363	10,017	346
Direct purchases	15,093	13,862	1,231
Sub-contractors	6,123	9,496	(3,373)
Transport and plant hire	2,478	2,045	433
Overheads	8,720	7,833	887
Depreciation	1,564	1,742	(178)
Depot rental charges	479	429	50
Interest payable	409	394	15
	45,229	42,818	2,411
Net surplus/(deficit) including IAS19 adjustments	137	(238)	375
Net surplus/(deficit) before IAS19 adjustments	925	29	896

Source: Joint committee working papers

The facilities division has performed well.

Facilities services division – trading account

The facilities services division continued to focus on enhancing efficiency while maintaining and improving service standards. The quality and cost of services is benchmarked against 22 other authorities in Scotland.

The introduction of the 'living wage' during 2013-14 represents a significant future challenge for the facilities services division as both catering and cleaning operations are labour intensive and tend to be conducted by employees on lower rates of pay.

There are no significant income or expenditure variances compared with 2011-12.

Balance sheet

Short and long-term capital and working capital requirements are met by an overdraft facility with and borrowing from Dundee City Council.

The overall financial position of the Joint Committee is adversely impacted by the accounting for its participation in the Tayside Superannuation Fund. The net liability from this participation has decreased by £2.55 million to £33.79 million. While these liabilities fall due over the long term, they represent a continuing cost pressure for the Joint Committee, particularly where third parties in the private sector will have lower costs. Implementing the 'living wage' will also impact upon future pension contributions and liabilities.

In response to our recommendation raised in 2011-12, management conducted a review of their fixed asset register and completed a verification exercise. £5.82 million of assets with associated accumulated depreciation of £5.68 million were disposed of during the year.

Facilities services division			
	2013	2012	Movement
	£'000	£'000	£'000
Income			
Charges to constituent Councils	21,422	21,448	(26)
Charges to internal users	157	152	5
Other income	1,825	1,794	31
	23,404	23,394	10
Expenditure			
Direct labour	14,790	14,501	289
Direct purchases	4,140	4,103	37
Overheads	4,324	4,299	25
Depreciation	25	32	(7)
Depot rental charges	29	26	3
Interest payable	18	12	6
	23,344	22,973	371
Net surplus/(deficit) including IAS19 adjustments	60	421	(361)
Net surplus/(deficit) before IAS19 Adjustments	853	691	162

Source: Joint Committee working papers

Financial statements and accounting

Our perspective on the preparation of the
financial statements and key accounting
judgements made by management

There have been no substantive changes to the financial reporting framework as set out in the *Code of Practice on Local Authority Accounting in the United Kingdom 2012-13*.

There have been no changes to accounting policies in 2012-13. All accounting policies have been applied consistently.

Accounting framework and application of accounting policies	
Area	KPMG comment
Code of Practice on Local Authority Accounting in the United Kingdom 2012-13	<p>The 2012-13 financial statements have been prepared in accordance with the Code of Practice which is based upon International Financial Reporting Standards (“IFRS”). The 2012-13 Code of Practice had a number of amendments from the 2011-12 version which included:</p> <ul style="list-style-type: none"> ■ changes in relation to the objective of the financial statements and the qualitative characteristics of financial information; and ■ encouragement for local authorities to prepare the Explanatory Forward taking into consideration the requirements of the Government’s Financial Reporting Manual (FRm). <p>Management has considered that the information provided within the managing director’s report, foreword and the construction and facilities services reports together meet the requirements of the 2012-13 Code of Practice.</p>
Accounting policies	<ul style="list-style-type: none"> ■ There have been no significant changes in accounting policies in 2012-13. ■ We are satisfied that all accounting policies have been applied consistently and are appropriate for the Joint Committee’s activities.
Impact of revised accounting standards	<ul style="list-style-type: none"> ■ There are no newly effective accounting standards are considered to have a material impact on the Joint Committee’s financial statements.

We have considered key accounting judgements in relation to accounting for pensions under IAS 19.

We concur with management's judgements in respect of actuarial assumptions used to estimate the net pension liability.

Key accounting judgements	
Area	KPMG comment
Pensions	<p>The only significant accounting judgement or estimate made within the Joint Committee's financial statements is in respect of the actuarial assumptions used to estimate net pension liability of the Joint Committee arising from its participation in the Tayside Superannuation Fund in accordance with IAS 19 <i>Employee benefits</i>.</p> <p>We have reviewed the assumptions used by the actuary in calculating the pension deficit as at 31 March 2013. The assumptions are within the acceptable range of the guideline assumptions that KPMG's actuaries have advised. Overall, the assumptions are considered to represent a balanced approach to valuation of the net pension deficit.</p> <p>The net pension liability has decreased by £2.6 million as a result of changing financial assumptions.</p>

[We have issued] an unqualified audit opinion on the financial statements.

The unaudited financial were made available on a timely basis and were accompanied by working papers of an appropriate standard.

Audit conclusions

We have issued an unqualified opinion on the truth and fairness of the state of the Joint Committee's affairs as at 31 March 2013, and of its expenditure and income for the year then ended. The financial statements have been properly prepared in accordance with the 2012-13 Code of Practice, and prepared in accordance with the requirements of the Local Government (Scotland) Act 1973 and the Local Government Scotland Act 2003. There are no matters identified on which we are required to report by exception.

In gathering the evidence for our opinion we have:

- performed a mixture of substantive and controls testing to ensure an efficient approach that covers all the key risks;
- considered the work of the Joint Committee's internal auditor and reviewed their reports to ensure all key risk areas having a potential financial statement impact have been considered;
- reviewed assumptions and judgements made by management and considered these for appropriateness; and
- considered if the financial statements may be affected by fraud through discussions with senior management and internal audit to gain a better understanding of their work in relation to prevention and detection of fraud with the potential to impact on the financial statements.

Financial statements preparation

- The unaudited financial statements were authorised for issue by the Proper Officer of the Joint Committee on 14 June 2013, and passed to us for audit in line with the statutory timetable.
- In accordance with regulations, the unaudited financial statements were made available for public inspection from 22 July to 9 August 2013. No objections were received.
- Good quality supporting documentation was made available in electronic format to support the unaudited financial statements.
- There are no significant matters in respect of auditor independence and non-audit fees or management representation letter content, as reported in appendix one. There is one unadjusted audit difference summarised in appendix two.

Governance and narrative reporting

Update on your governance arrangements

Our overall perspective on your narrative reporting, including the remuneration report and annual governance statement

Over-arching and supporting corporate governance arrangements remain primarily unchanged and provide a sound framework for organisational decision-making.

The Joint Committee undertook a self-assessment review of the effectiveness of its governance arrangements. This indicated a high-level of compliance.

<p>Corporate governance and internal control arrangements</p>	<p>Corporate governance is concerned with structures and processes for decision-making, accountability, control and behaviour. The three fundamental principles of corporate governance – openness, integrity and accountability – apply to all bodies.</p> <p>The responsibilities of the Joint Committee and its proper officer for establishing arrangements for ensuring the proper conduct of its affairs, including compliance with relevant guidance, the legality of activities and transactions, and for monitoring the adequacy and effectiveness of these arrangements are outlined in the Statement of Responsibilities in the financial statements.</p> <p>The Joint Committee operates a local code of corporate governance, drawing on all aspects of its governance arrangements, to consolidate these into a framework which is in line with the principles of the CIPFA / SOLACE publication <i>Delivering Good Governance in Local Government</i>. The local code of corporate governance focuses on four key areas of Joint Committee activity, namely structures and governance; service delivery arrangements; internal control and risk management; and stakeholder focus.</p> <p>The revenue and capital budgets for the year are approved by the Joint Committee, who also receive a workload update and other regular operational monitoring reports to allow them to exercise and demonstrate stewardship and accountability for the use of their resources. An annual performance report is also prepared and a review of performance against business plan objectives is also completed each year. The corporate risk register was reviewed by the Joint Committee in June 2013.</p> <p>The minute of agreement between the Joint Committee and the constituent local authorities was drafted in 1995 and could better reflect the way the Joint Committee and constituent local authorities work or conduct their business. Together with the constituent local authorities, an updated minute of agreement is being prepared for consideration and approval.</p> <p>Our testing, combined with that of internal audit, of the design and operation of financial controls over significant risk points confirms that controls are designed appropriately and operating effectively.</p>
<p>Annual governance statement</p>	<p>The Joint Committee, in line with best practice, undertook a self-assessment review of the effectiveness of its arrangements during the year, using a 31-point checklist completed by the managing director and considered by the Joint Committee at their meeting in June 2013. The self-assessment indicated a high-level of compliance.</p> <p>We have reviewed the annual governance statement and confirm that it is consistent with our understanding of the Joint Committee's governance arrangements.</p>
<p>Remuneration report</p>	<p>In accordance with regulations, the Joint Committee's remuneration report sets out the remuneration arrangements for members and senior management of the Joint Committee.</p> <p>We are satisfied that this has been prepared in accordance with the requirements of the regulations and other relevant guidance issued by the Scottish Government.</p>

<p>Maintaining standards of conduct and the prevention and detection of fraud and corruption</p>	<p>Procedures and controls related to conduct and fraud are designed and implemented effectively. The Joint Committee has appropriate arrangements to prevent and detect fraud, inappropriate conduct and corruption, including policies and codes of conduct for staff and Joint Committee members.</p> <p>Management has confirmed that no significant fraud or irregularities have been identified during the year.</p> <p>We are satisfied that these arrangements are appropriate for the Joint Committee's circumstances.</p>
<p>Internal audit</p>	<p>The Joint Committee has an outsourced internal audit provider. The Joint Committee received its annual report from its internal auditor at its meeting in June 2013, before approval of the unaudited financial statements.</p> <p>The internal audit annual report provides an opinion that <i>"the Organisation operates adequate and effective internal control systems as defined in the audit needs assessment. Proper arrangements are in place to promote and secure Value for Money."</i></p>

Appendices

There were substantive changes to the financial statements; there is one unadjusted audit difference which we do not consider to be material.

Area	Key content	Reference
Adjusted audit differences Adjustments made as a result of our audit	<p>There were no substantive audit adjustments required to the unaudited financial statements which impacted on the net assets or the surplus and deficit for the year.</p> <p>A small number of minor numerical and presentational adjustments were updated by management.</p>	-
Unadjusted audit differences	<p>We are required by ISA (UK and Ireland) 260 to communicate all uncorrected misstatements, other than those which are trivial, to you.</p> <p>There is one unadjusted audit difference related to accruals, details of which are provided at appendix two.</p>	Appendix 2
Confirmation of Independence Letter issued by KPMG to the Joint Committee	<p>We have considered and confirmed our independence as auditors and our quality procedures, together with the objectivity of our Audit Director and audit staff. There were no fees payable to us other than in respect of our audit.</p>	Appendix 4
Draft management representation letter Proposed draft of letter to be issued by the Joint Committee to KPMG prior to audit sign-off	<p>In accordance with International Standards on Auditing (UK & Ireland), management is required to provide us with representations on specific matters such as your financial standing, application of accounting policies, and whether the transactions in the financial statements are legal and unaffected by fraud.</p> <p>There are specific representations, other than those required under auditing standards, which we are requesting from management as outlined in appendix three.</p>	Appendix 3

There is an unadjusted audit difference relating to accruals.

This difference is not material.

Unadjusted audit differences

We are required by ISA (UK and Ireland) 260 to communicate all uncorrected misstatements, other than those which are trivial, to you.

There is an unadjusted audit difference relating to accruals. Details of this unadjusted, known audit difference are shown below.

Adjusted caption	Nature of difference	Statement of Financial Position	Statement of Comprehensive Net Expenditure
Changes to the prime financial statements		£'000	£'000
Expenditure / trade and other payables	Testing identified a sub-contractor invoice in respect of work completed prior to 31 March 2013 which was received after the year end but had not been accrued. The work related to a larger project and therefore associated income, from the Joint Committee's customer was also due and should have been accrued.	(136)	136
Income / trade and other receivables	There is no net impact on either the statement of financial position or statement of comprehensive net expenditure.	136	(136)
Net impact		-	-

You are required to provide us with representations on specific matters such as your financial standing, application of accounting policies, and whether the transactions within the financial statements are legal and unaffected by fraud.

Beyond the requirements of Auditing Standards, in the management representation letter, we have obtained specific confirmation that:

- Information which comprises the managing director's report, the construction division operational report, the facilities services division operational report, foreword to the financial statements, and remuneration report is consistent with the financial statements.
- Operating segments have been identified appropriately based on the way in which the segments are organised within the Joint Committee for making operating decisions and in assessing performance. Subject to the specific requirements of IFRS 8 *Operating segments*, financial information is disclosed in the same manner and based on the same policies as they are reported internally and used by that person or group of persons (the Joint Committee's chief operating decision maker) that make decisions about the resources to be allocated to the operating segments and assess their performance.
- You have provided us with all relevant information regarding key assumptions concerning the future, and other key sources of estimation uncertainty at the date of the statement of financial position, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, including major assumptions concerning future events affecting classes of provisions, as required in specified circumstances by IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*.

Auditing Standards require us to consider and confirm formally our independence and related matters in our dealings with the Joint Committee.

We have appropriate procedures and safeguards in place to enable us to make the formal confirmation set out opposite.

Auditor independence

Professional ethical standards require us to provide to you at the conclusion of an audit a written disclosure of relationships (including the provision of non-audit services) that bear on KPMG LLP's objectivity and independence, the threats to KPMG LLP's independence that these create, any safeguards that have been put in place and why they address such threats, together with any other information necessary to enable KPMG LLP's objectivity and independence to be assessed. This letter is intended to comply with this requirement and facilitate a subsequent discussion with you on audit independence.

We have considered the fees paid to us by the Joint Committee and its related entities for professional services provided by us during the reporting period. There were no fees payable other than in respect of our audit.

We are satisfied that our general procedures support our independence and objectivity.

General procedures to safeguard independence and objectivity

KPMG LLP is committed to being and being seen to be independent. As part of our ethics and independence policies, all KPMG LLP Audit Directors and staff annually confirm their compliance with our ethics and independence policies and procedures including in particular that they have no prohibited shareholdings. Our ethics and independence policies and procedures are fully consistent with the requirements of the APB Ethical Standards. As a result we have underlying safeguards in place to maintain independence through:

- Instilling professional values
- Regular communications
- Internal accountability

- Risk management
- Independent reviews

Please inform us if you would like to discuss any of these aspects of our procedures in more detail.

There are no other matters that, in our professional judgement, bear on our independence which need to be disclosed to the members of the Joint Committee.

Confirmation of audit independence

We confirm that as of 20 September 2013, in our professional judgement, KPMG LLP is independent within the meaning of regulatory and professional requirements and the objectivity of the Audit Director and audit staff is not impaired.

This report is intended solely for the information of the Joint Committee and should not be used for any other purpose.

Yours faithfully

KPMG LLP



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