

**REPORT TO: DUNDEE, PERTH, ANGUS AND NORTH FIFE
STRATEGIC DEVELOPMENT PLANNING AUTHORITY
JOINT COMMITTEE MEETING ON 6th OCTOBER 2015**

**REPORT ON: RESPONSE TO EXTERNAL AUDITOR'S ANNUAL AUDIT
REPORT ON THE 2014/15 AUDIT.**

REPORT BY: TREASURER

REPORT NO: SDPA10-2015

1 PURPOSE OF REPORT

- 1.1 This report is a response to the report prepared by the Committee's External Auditor on the audit of Tayplan Joint Committee for the year ended 31 March 2015. A draft copy of the External Auditor's report (Appendix 1) is enclosed and the Unsigned Committee's Audited Statement of Accounts (Appendix 2) will be available for Members before the Joint Committee meeting. The Final signed copies will be made available as soon as they are received from the external Auditors.

2 RECOMMENDATION

- 2.1 It is recommended that the Committee:-
- i endorses this report as the formal response to the External Auditor's report; and,
 - ii notes that the External Auditor's findings and conclusions are favourable.

3 FINANCIAL IMPLICATIONS

- 3.1 There are no financial implications arising within this budget year.

4 MAIN TEXT

Introduction

- 4.1 The external audit of the Committee for the financial year 2014/2015 was carried out by Mr Andrew Shaw, Director KPMG LLP. The Joint Committee's External Auditors are appointed for a five year period and the financial year 2014/2015 marked the fourth year of KPMG's appointment.

External Auditor's Report

- 4.2 The External Auditor's report outlines his main responsibilities as auditor and describes the scope of audit work undertaken during 2014/2015, and the issues arising from that work.

- 4.3 In addition to the Members of the Committee, the External Auditor's Report is also addressed to the Controller of Audit at the Accounts Commission for Scotland. Given this wider audience, and the extent of the External Auditor's responsibilities and scope of work, his report is by necessity both fulsome and extensive. A copy of the report (Appendix 1) is attached; accordingly, it is not the intention of this report to provide a detailed response or commentary on all of the External Auditor's findings.

Conclusions

- 4.4 During 2014/2015, the External Auditor examined a number of areas covering a wide range of the Committee's activities. It is pleasing to note that the auditor's overall findings and conclusions are satisfactory. In particular, the Committee can take encouragement from the following:
- an unqualified audit opinion was issued on the truth and fairness of the Joint Committee's affairs as at 31st March 2015;
 - the unaudited financial statements were submitted for audit in advance of the statutory requirements and the agreed audit timetable;
 - high quality supporting documentation was made available in electronic format to support the unaudited financial statements;
 - there were no audit adjustments required to the unaudited financial statements which impacted on the net assets or the surplus or deficit for the year;
 - over-arching and supporting corporate governance arrangements provide a sound framework for organisational decision-making; and,
 - arrangements in place in respect of maintaining standards of conduct and the prevention and detection of fraud and corruption are appropriate for the Joint Committee's circumstances.

5 POLICY IMPLICATIONS

- 5.1 This report has been screened for any policy implications in respect of Sustainability, Strategic Environmental Assessment, Anti-Poverty, Equality Impact Assessment and Risk Management. There are no major issues identified.

6 CONSULTATIONS

- 6.1 The Treasurer and Clerk to TAYplan, TAYplan Manager, the Director of Communities Directorate, Angus Council, Executive Director of City Development, Dundee City Council, Executive Director of Environment, Enterprise and Communities, Fife Council and the Executive Director (Environment), Perth & Kinross Council have been consulted and are in agreement with the contents of this report.

MARJORY M STEWART
TREASURER
22 September 2015

APPENDIX ONE



cutting through complexity

Dundee, Perth, Angus and North Fife Strategic Development Joint Committee Planning Authority (TAYplan)

Annual audit report to the members of TAYplan and the
Controller of Audit

Audit: year ended 31 March 2015

23 September 2015

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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 the Dundee, Perth, Angus and North Fife Strategic Development Joint Committee Planning Authority ("TAYplan") and is made available to Audit Scotland and the Accounts Commission for Scotland (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 circumstances set out in the executive summary: scope and responsibilities.

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.

Our audit work is undertaken in accordance with Audit Scotland's *Code of Audit Practice* ("the Code"). This specifies a number of objectives for the audit.

In accordance with ISA (UK and Ireland) 260:

Communication with those charged with governance, this report summarises our work in relation to the financial statements for the year ended 31 March 2015.

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

Area	Summary observations	Analysis
Strategic overview		
Financial position	<p>For the year ended 31 March 2015 TAYplan reported a cost of services of £254,000. The outturn represented a £12,000 underspend on the 2014-15 budget. After requisition income and bank interest, the total comprehensive income and expenditure was a £33,000 deficit compared to a £45,000 deficit budget.</p> <p>TAYplan holds usable reserves of £165,000 which are available to be applied against future expenditure.</p>	Page 6
Financial statements and accounting		
Audit conclusions	<p>We expect to issue an unqualified audit opinion on the 2014-15 financial statements, following their approval by the treasurer on 30 September 2015.</p> <p>The financial statements, management commentary, directors' report, governance statement and remuneration report were received by the start of audit fieldwork and were supported by high quality working papers.</p>	Page 8
Significant risks and audit focus areas	<p>The areas highlighted below are the specific audit focus areas identified within our audit strategy:</p> <ul style="list-style-type: none"> ■ management override of controls fraud risk. <p>and other focus areas of:</p> <ul style="list-style-type: none"> ■ fraudulent revenue recognition; and ■ pension scheme. <p>Audit work has been completed to satisfy the requirements of ISA 330 'The auditor's procedures in response to assessed risks', including tests of key financial controls. In respect of each matter, we are content with management's judgements and accounting treatment.</p>	Page 9
Going concern	TAYplan had net assets of £162,000 at 31 March 2015. The financial statements are prepared on a going concern basis as the future funding in respect of 2015-16 has been agreed in advance of approving the budget.	Page 10
Accounting policies	<p>There have been no changes to accounting policies applied by TAYplan in 2014-15.</p> <p>No newly effective accounting standards are expected to have a material impact on the 2015-16 financial statements.</p>	Page 10

Area	Summary observations	Analysis
Financial statements and accounting (cont)		
Governance and narrative reporting		
Governance	Over-arching and supporting corporate governance arrangements remain primarily unchanged and provide a sound framework for organisational decision-making.	Page 12
Internal controls	Testing of the design and operation of financial controls over significant risk points was undertaken as part of our testing. Our work concluded that controls relating to financial systems and procedures are designed appropriately and operating effectively.	Page 12
Performance Management		
Performance management	Our work has identified that the TAYplan's performance management arrangements are generally appropriate to its business objectives.	Page 15

Purpose of this report

The Accounts Commission for Scotland (“the Accounts Commission”) has appointed KPMG LLP as auditor of Dundee, Perth, Angus and North Fife Strategic Development Joint Committee Planning Authority (“TAYplan”) under the Public Finance and Accountability (Scotland) Act 2000 (“the Act”). The period of appointment is 2011-12 to 2015-16, inclusive.

Our annual audit report is designed to summarise our opinion and conclusions on significant issues arising from our audit. It is addressed to both those charged with governance at the TAYplan and the Controller of the Audit. The scope and nature of our audit were set out in our audit strategy document.

The Code sets out the wider dimensions of public sector audit which involves not only the audit of the financial statements but also consideration of areas such as financial performance and corporate governance.

Accountable officer responsibilities

Audit Scotland’s *Code of Audit Practice* (“the Code”) sets out the responsibilities of TAYplan and the Treasurer in respect:

- preparation of financial statements that show a true and fair view;
- systems of internal control;
- prevention and detection of fraud and irregularities;
- standards of conduct and arrangements for the prevention and detection of bribery and corruption;
- financial position; and
- Best Value.

Auditor responsibilities

This report reflects our overall responsibility to carry out an audit in accordance with our statutory responsibilities under the Act and in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board and the Code.

Scope

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.

This annual audit report to members and our presentation to the joint committee planning authority, together with previous reports to TAYplan throughout the year, discharges the requirements of ISA 260.

Strategic overview

Our perspective on key business issues and financial position

For the year ended 31 March 2015 TAYplan reported an outturn which represented a £12,000 underspend on the budget, prior to IAS 19 adjustments. This is primarily a result of a decrease in third party payments and supplies and services costs.

Over the year to 31 March 2015, the net asset position reduced by £33,000 to £162,000, reflecting the deficit for the year.

Comprehensive income and expenditure statement

For the year ended 31 March 2015 TAYplan reported a total cost of services of £254,000.

The outturn represents a £12,000 underspend on the budget approved for 2014-15 by TAYplan, which formed the basis for the grants received by the four Constituent Councils. The underspend is primarily as a result of a decrease in third party payments and supplies and services costs.

Balance sheet

TAYplan had net assets as at 31 March 2015 of £162,000 (2013-14: net assets of £195,000).

Cash administered by Dundee City Council decreased in the year by £44,000 from £213,000 to £169,000, reflecting the deficit for the year. Total short term debtors decreased by £6,000 to £nil.

Liabilities

There was a decrease in short term creditors of £17,000 during 2014-15, which is attributed to the invoice for the economic study undertaken in 2013-14 which was not carried out in 2014-15.

Reserves

The general fund reserve decreased by £35,000 during 2014-15 to £165,000 as at 31 March 2015. This is in line with TAYplan's budget and the agreement that reserves can be reduced to a minimum of £25,000.

2015-16 budget

The 2015-16 has forecast a deficit position resulting in a £12,000 reduction in the general fund balance.

Comprehensive income and expenditure statement			
	Approved Budget £'000	2014-15 £'000	(Under)/Over spend £'000
Net cost of services	266	254	(12)
Financing & investment expenditure	(1)	(1)	-
Deficit on provisions of service	265	253	(12)
Requisition Income	(220)	(220)	-
Other comprehensive income and expenditure	45	33	(12)
IAS 19 adjustments	-	2	-
Total comprehensive income and expenditure	45	35	(10)

Source: Draft 2014-15 financial statements

Balance sheet		
	2015 £'000	2014 £'000
Cash held by Dundee City Council	169	213
Short term debtors	-	6
Total current assets	169	219
Short term creditors	(7)	(24)
Total current liabilities	(7)	(24)
Total net assets	162	195
Useable reserves	165	200
Unusable	(3)	(5)
Total reserves	162	195

Source: Draft financial statements 2014-15

Financial statements and accounting

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

We expect to issue an unqualified audit opinion on the financial statements.

The financial statements, including the governance statement and management commentary, were made available on a timely basis and were accompanied by high quality working papers.

Audit conclusions

Our audit work is complete following receipt of management's representations and update of subsequent events. Following approval of the financial statements by the Treasurer we expect to issue an unqualified opinion on the truth and fairness of the state of TAYplan's affairs as at 31 March 2015, and of TAYplan's deficit for the year then ended 31 March 2015. There are no matters identified on which we are required to report by exception.

In gathering the evidence for our opinion we have:

- performed controls testing and substantive procedures to ensure that key risks to the financial statements have been covered;
- reviewed estimates and accounting judgements made by management and considered these for appropriateness;
- considered the potential effect of fraud on the financial statements through discussions with senior management to gain a better understanding of the work performed in relation to prevention and detection of fraud; and
- communicated our findings to those charged with governance, and to update our understanding of the key governance processes.

Financial statements preparation

- High quality working papers and draft financial statements were provided at the start of the audit fieldwork on 29 June 2015. This included the management commentary, remuneration report and governance statement.
- Reflective of the long standing working relationship the standard of documentation was good and there was evidence of accountability and ownership of working papers across the finance department.
- There were no significant issues with respect to compliance with the Code. We provided feedback to management on the content of the financial statements, annual report, governance statement and remuneration report and we are pleased to report that these were prepared appropriately.
- There are no significant matters in respect of (i) audit differences; (ii) auditor independence and non-audit fees; and (iii) management representation letter content, as reported in appendix one.
- We consider that management has maintained a robust control environment.

The significant areas of risk identified in our audit strategy were in respect of:

- management override of controls fraud risk.

and other focus areas of:

- fraudulent revenue recognition; and
- pension scheme.

We summarise below the risks of material misstatement as reported within the audit strategy document. We set out the key audit procedures to address those risks and our findings from those procedures, in order that TAYplan may better understand the process by which we arrived at our audit opinion.

We have no changes to the risk or our approach to addressing the assumed ISA risks of fraud in management override of controls and risks of fraud in revenue recognition. We do not have findings to bring to your attention in relation to these matters. No control overrides were identified.

Audit focus area	Our response	Audit findings
<p>Pension scheme</p> <p>Notwithstanding the reported results of our risk assessment, we identified as part of our 2013-14 audit that management continues to exercise judgement in respect of the application of IAS 19. Due to the fact that TAYplan only has three employees, management does not consider that it is practical or represents value for money to seek to obtain an actuarial valuation of potential pension liabilities which could be directly attributable to TAYplan in respect of the Tayside Pension Fund.</p>	<p>Our audit work consisted of understanding this judgment by management and concluding on whether the continued application is appropriate.</p>	<p>On grounds of materiality, we are satisfied that the pension scheme is accounted for correctly.</p>

The financial statements have been appropriately prepared on a going concern basis, having due consideration of the agreement of funding in respect of 2015-16.

Accounting framework and application of accounting policies		
Area	Summary observations	Audit findings
Accounting policies and financial reporting framework	<p>TAYplan prepared its financial statements in accordance with the Code of Practice which is based upon International Financial Reporting Standards (“IFRS”).</p> <p>There have been no significant changes in financial reporting requirements, and consequently there are no other substantive changes to TAYplan’s accounting policies. We are satisfied that the accounting policies adopted remain appropriate.</p> <p>No newly effective accounting standards are considered likely to have a material impact on TAYplan’s financial statements in the coming year.</p>	<p>We are satisfied that the accounting policies adopted remain appropriate to TAYplan.</p> <p>The accounting policies are in line with the Code of Practice and are applied consistently.</p>
Going concern	<p>TAYplan’s balance sheet as at 31 March 2015 shows a net asset position of £162,000. The financial statements have been prepared on a going concern basis in view of forecast funding income and the reserves held.</p>	<p>We concur with management’s view that the going concern assumption remains appropriate for the reasons noted.</p> <p>We are satisfied that the going concern disclosure remains appropriate.</p>
Annual report, including the management commentary: SDPA manager’s and treasurer’s reports	<p>The financial statements form part of the annual report of TAYplan for the year ended 31 March 2015. We reviewed the contents of the SDPA manager’s and treasurer’s reports and are content with the proposed reports.</p> <p>TAYplan did not apply the new management commentary requirements due to the relative simplicity of TAYplan’s operations. The management commentary will be further considered by management for 2015-16.</p>	<p>We are required to consider the explanatory foreword and governance statement, and provide our opinion on the consistency of it with the financial statements. We are satisfied that the information contained within the SDPA manager’s and treasurer’s reports, the governance statement and remuneration report is consistent with the financial statements.</p>
Remuneration report	<p>The remuneration report was included within the draft financial statements and supported by good quality information and working papers.</p>	<p>We are satisfied that the information contained within the remuneration report is consistent with the underlying records and the financial statements.</p>

Governance and narrative reporting

Our overall perspective on the narrative reporting, including the annual governance statement

Update on controls findings from our audit

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

Internal controls are designed appropriately and are operating effectively.

Area	Summary observations	Audit findings
<p>Annual governance statement and governance arrangements</p>	<p>The statement for 2014-15 outlines the corporate governance and risk management arrangements in operation in the financial year. It provides detail on TAYplan's governance framework, operated internal controls, the work of internal audit, internal financial controls and risk management arrangements and analyses the efficiency and effectiveness of these elements of the framework.</p> <p>TAYplan 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 Delivering Good Governance in Local Government. 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 budget for the year are approved by TAYplan, which also receives regular monitoring reports at each meeting throughout the financial year to allow them to exercise and demonstrate stewardship and accountability for the use of their resources. Standing orders, financial regulations and tender procedures are approved, and have been published on the TAYplan's website to demonstrate openness and transparency of arrangements.</p>	<p>We have updated our understanding of the governance framework and documented this through our overall assessment of TAYplan's risk and control environment. We consider the governance framework and annual governance statement to be appropriate for TAYplan and that the governance statement is in accordance with guidance and reflects our understanding of the organisation.</p>
<p>Internal controls</p>	<p>TAYplan is responsible for designing and implementing appropriate internal control systems to ensure a true and fair view of operations within the financial statements. Our testing of the design and operation of financial controls over significant risk points confirms that controls relating to financial systems and procedures are designed appropriately and operating effectively.</p> <p>TAYplan utilises the key financial systems of Dundee City Council under service level agreement, this includes use of Dundee City Council's bank account. We undertook systems audit work as part of our 2014-15 audit of Dundee City Council, with any findings reported to Council management. No audit findings relating uniquely to TAYplan were identified.</p> <p>The findings of our controls testing relate only to those matters identified during our normal audit work, in accordance with the Code, and there may still be weaknesses or risks within the control environment which have not been identified through this work.</p>	<p>Our work concluded that that controls relating to financial systems and procedures are designed appropriately and operating effectively.</p>

Area	Summary observations	Audit findings
Prevention and detection of fraud	<p>No material fraud or other irregularities were identified during the year. TAYplan's arrangements include policies and codes of conduct for staff and board members, supported by a fraud prevention policy and response plan.</p>	<p>We consider that TAYplan has appropriate arrangements to prevent and detect fraud.</p>
Arrangements for maintaining standards of conduct and the prevention and detection of corruption	<p>TAYplan has arrangements including policies and codes of conduct for staff and board members, supported by a whistleblowing policy. Board members are responsible for setting the 'tone at the top' and are responsible for abiding by the code of conduct and disclosing interests which may be of importance, material or otherwise, to their work at TAYplan.</p> <p>The members of TAYplan are drawn from the four constituent councils, and as such are bound by the respective codes of conduct of those councils. Administration of the financial records of TAYplan is undertaken by Dundee City Council staff who are subject to that Council's policies on standards of conduct, fraud and corruption.</p>	<p>We consider that TAYplan has appropriate arrangements to prevent and detect inappropriate conduct and corruption.</p>
Internal audit	<p>Audit Scotland's Code of Audit Practice sets out the wider dimension of public sector audit. It requires external auditors to perform an annual assessment of the adequacy of the internal audit function.</p> <p>There is no internal audit service specific to TAYplan due to the size of the entity and the use of Dundee City Council's finance function.</p>	<p>We consider this to be appropriate.</p>

Performance management

Our perspective on the performance
management arrangements, including follow
up work on Audit Scotland reports

Our work has identified that TAYplan's Best Value and performance management arrangements are generally robust.

Area	Summary observations	Audit findings
<p>Performance management and best value</p>	<p>Scottish Government guidance on Best Value in public services requires a systematic approach to self-evaluation and continuous improvement. The guidance identifies the themes an organisation needs to focus on in order to deliver the duty of Best Value, but notes that implementation should be appropriate and proportionate to the priorities, operating environment, scale and nature of the body's business.</p> <p>We note that in working towards achieving best value, TAYplan participates in the Tayside Purchasing Consortium, as well as having access to a number of national procurement programmes in which Dundee City Council participates.</p>	<p>We consider that TAYplan has appropriate arrangements to effectively manage performance.</p>
<p>Financial capacity in public bodies</p>	<p>Through the process of feedback through Annual Audit Reports, current issues reports and sector meetings, Audit Scotland has identified, that overall reductions in staff numbers in public bodies may be affecting the capacity of back-office functions and specifically finance.</p> <p>Audit Scotland has requested the collation of baseline data across the public sector to inform sector specific overview reports and may inform a follow-up to the joint report on the public sector workforce which was published in November 2013 or support the development of the future performance audit programme.</p> <p>Due to the nature and size of the entity, the responsibility lies with a single accountant and the Proper Officer is responsible for Dundee City Council, and the other subsidiaries. Therefore, we are content with the financial capacity of TAYplan.</p>	<p>We consider that TAYplan has appropriate financial capacity to effectively manage the organisation.</p>

Appendices

There were no changes to the core financial statement and there are no unadjusted audit differences

Area	Key content	Reference
Adjusted audit differences Adjustments made as a result of our audit	<p>There were no audit adjustments required to the draft financial statements which impacted on the net assets or net operating cost for the year.</p> <p>A small number of minor presentational adjustments were required to some of the financial statement notes.</p>	-
Unadjusted audit differences Audit differences identified that we do not consider material to our audit opinion	<p>We are required by ISA (UK and Ireland) 260 to communicate all uncorrected misstatements, other than those which are trivial.</p> <p>There are no unadjusted audit differences.</p>	-
Confirmation of Independence Letter issued to TAYplan	<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.</p>	Appendix two
Schedule of Fees Fees charged by KPMG for non-audit services	<p>No non audit fees have been charged by KPMG.</p>	-
Draft management representation letter Proposed draft of letter to be issued by TAYplan to KPMG	<p>There are no changes to the standard representations required for our audit from last year.</p>	-
Materiality The materiality applied to audit testing.	<p>We assessed materiality based on our knowledge and understanding of TAYplan's risk profile and financial statements balances. Materiality was determined at £5,040; approximately 2% of total expenditure, and is broadly consistent with the materiality identified in our audit strategy.</p> <p>We designed our audit procedures to detect errors at a lower level of precision, i.e. £3,780.</p> <p>We report identified errors greater than £252 to TAYplan.</p>	-

Auditing standards require us to consider and confirm formally our independence and related matters in our dealings with the TAYplan.

We have appropriate procedures and safeguards in place to enable us to make the formal confirmation in our letter included 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 TAYplan and its related entities for professional services provided by us during the reporting period. 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 board of directors.

Confirmation of audit independence

We confirm that as of 24 August 2015, 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 letter is intended solely for the information of the audit committee and should not be used for any other purpose.

Yours faithfully

KPMG LLP



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