

Pensions Committee

2.30 p.m., Wednesday, 25 March 2015

External Audit - Annual Audit Plan 2014-15

Item number	5.2
Report number	
Executive/routine	
Wards	All

Executive summary

Audit Scotland, the external auditor to the Lothian Pension Fund, the Lothian Buses Pension Fund and the Scottish Homes Pension Fund, has detailed its planned programme of work to support the statutory audit 2014/15. This is shown at Appendix 1 - "Audit Scotland Annual Audit Plan 2014-15".

Stephen O'Hagan, Senior Audit Manager, Audit Scotland, will present the Annual Audit Plan 2014-15 to Committee.

Progress against the Annual Audit Plan 2014-15 will be reported to future meetings of the Pensions Audit Sub-Committee and thereafter the Pensions Committee.

The proposed audit fee for 2014/15 is £47,660, which represents a 1% increase on the previous year. This sum can be met from within the approved budget.

Links

Coalition pledges

Council outcomes

[CO26](#)

Single Outcome Agreement

External Audit Plan

Recommendations

The Pensions Committee is requested to:

- 1.1 Note the Annual Audit Plan 2014-15, as submitted by Audit Scotland;
- 1.2 Note the formal reliance placed on the work of Internal Audit;
- 1.3 Note that suitable provision has been made in the approved budget 2014-15 for the audit fee; and
- 1.4 Note that progress against the Annual Audit Plan 2014-15 will be reported to future meetings of the Pensions Audit Sub-Committee and the Pensions Committee.

Background

- 2.1 The Audit Plan is reported annually to Pensions Committee by the external auditor, Audit Scotland.

Main report

- 3.1 Audit Scotland, the external auditor to the Lothian Pension Fund, the Lothian Buses Pension Fund and the Scottish Homes Pension Fund, has detailed its planned programme of work to support the statutory audit 2014/15. This is shown at Appendix 1 - "Audit Scotland Annual Audit Plan 2014-15".

Measures of success

- 4.1 Progress against the Annual Audit Plan 2014-15 will be reported to future meetings of the Pensions Audit Sub-Committee and thereafter the Pensions Committee. The prime objective of the Council, as administering authority of the Lothian Pension Fund, Lothian Buses Pension Fund and Scottish Homes Pension Fund, is to ensure an unqualified audit opinion of the Annual Report 2014-15. This will be determined in due course.

Financial impact

- 5.1 The proposed audit fee for 2014/15 of £47,660 represents a 1% increase on the previous year's cost of £47,190. Suitable provision has been made in the budget for 2014/15, against which the audit fee will be charged.

Risk, policy, compliance and governance impact

- 6.1 External audit is a critical part of the governance of the pension funds.

Equalities impact

- 7.1 There are no adverse equalities impacts arising from this report.

Sustainability impact

- 8.1 There are no adverse sustainability impacts arising from this report.

Consultation and engagement

- 9.1 The Consultative Panel for the Lothian Pension Funds, comprising employer and member representatives, is integral to governance. Consideration of future progress reports against this Annual Audit Plan 2014-15 by the Pensions Audit Sub-Committee should provide financial and risk management assurance.

Background reading/external references

The responsibilities of Audit Scotland, as independent auditor, are established by the Local Government (Scotland) Act 1973 and the Code of Audit Practice, as approved by the Auditor General for Scotland and the Accounts Commission. Appropriate cognisance is also taken of ethical guidance of the auditing profession.

Alastair Maclean

Director of Corporate Governance

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Links

Coalition pledges

Council outcomes CO26 - The Council engages with stakeholders and works in partnerships to improve services and deliver agreed

Single Outcome Agreement

Appendices Appendix 1 - Audit Scotland Annual Audit Plan 2014-15



Lothian Pension Fund

Annual Audit Plan 2014/15

Prepared for Lothian Pension Fund

February 2015



Audit Scotland is a statutory body set up in April 2000 under the Public Finance and Accountability (Scotland) Act 2000. We help the Auditor General for Scotland and the Accounts Commission check that organisations spending public money use it properly, efficiently and effectively.

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Summary

Introduction

1. Our audit is focused on the identification and assessment of the risks of material misstatement in Lothian Pension Fund, the Lothian Buses Pension Fund and the Scottish Homes Pension Fund (collectively referred to as the Funds) financial statements.
2. This report summarises the key challenges and risks facing the Funds and sets out the audit work that we propose to undertake in 2014/15. Our plan reflects:
 - the risks and priorities facing the Funds
 - current national risks that are relevant to local circumstances
 - the impact of changing international auditing and accounting standards
 - our responsibilities under the Code of Audit Practice as approved by the Auditor General for Scotland
 - issues brought forward from previous audit reports.

Summary of planned audit activity

3. Our planned work in 2014/15 includes:
 - an audit of the financial statements and provision of an opinion on whether:
 - they give a true and fair view of the financial transactions of the Funds during the year ended 31 March 2015, and of the amount and disposition at that date of their assets and liabilities
 - the accounts have been properly prepared in accordance with the Local Government (Scotland) Act 1973 and the 2014/15 Code of Practice on Local Authority Accounting in the United Kingdom (the Code)
 - a review and assessment of the Funds' governance and performance arrangements in a number of key areas including: review of adequacy of internal audit, arrangements to support the annual governance statement and management commentary in the annual report.

Responsibilities

4. The audit of the financial statements does not relieve management or the Pensions Committee, as the body charged with governance, of their responsibilities.

Responsibility of the appointed auditor

5. Our responsibilities, as independent auditor, are established by the Local Government (Scotland) Act 1973 and the Code of Audit Practice, and guided by the auditing profession's ethical guidance.
6. Auditors in the public sector give an independent opinion on the financial statements. We also review and report on the arrangements set in place by the audited body to ensure the proper conduct of its financial affairs and to manage its performance and use of resources. In doing this, we aim to support improvement and accountability.

Responsibility of the Pensions & Accounting Manager

7. It is the responsibility of the Pensions and Accounting Manager, as the appointed "proper officer", to prepare the financial statements in accordance with relevant legislation and the

Code of Practice on Local Authority Accounting in the United Kingdom (the Code). This means:

- maintaining proper accounting records
- preparing financial statements which give a true and fair view of the financial transactions of the Funds during the year ended 31 March 2015, and of the amount and disposition at that date of their assets and liabilities.

Format of the accounts

8. The financial statements should be prepared in accordance with the Code which constitutes proper accounting practice.

Audit Approach

Our approach

9. Our audit approach is based on an understanding of the characteristics, responsibilities, principal activities, risks and governance arrangements of the Funds. We also consider the key audit risks and challenges in the local government sector generally. This approach includes:
 - understanding the business of the Funds and the risk exposure which could impact on the financial statements
 - assessing the key systems of internal control, and considering how risks in these systems could impact on the financial statements
 - identifying major transaction streams, balances and areas of estimation and understanding how the Funds will include these in the financial statements
 - assessing and addressing the risk of material misstatement in the financial statements
 - determining the nature, timing and extent of the audit procedures necessary to provide us with sufficient audit evidence as to whether the financial statements give a true and fair view.
10. We have also considered and documented the sources of assurance which will make best use of our resources and allow us to focus audit testing on higher risk areas during the audit of the financial statements. The main areas of assurance for the audit come from planned management action and reliance on systems of internal control. Management action being relied on for 2014/15 includes:
 - comprehensive closedown procedures for the financial statements accompanied by a timetable issued to all relevant staff
 - clear responsibilities for preparation of financial statements and the provision of supporting working papers
 - delivery of unaudited financial statements to agreed timescales with a comprehensive working papers package
 - completion of the internal audit programme for 2014/15.
11. Auditing standards require internal and external auditors to work closely together to make best use of available audit resources. We seek to rely on the work of internal audit wherever possible and as part of our planning process we carry out an early assessment of the internal audit function. Internal audit is provided on a co-sourced basis between PricewaterhouseCoopers (PwC) and the council. Overall, we concluded that the internal audit service operates in accordance with Public Sector Internal Audit Standards

(PSIAS) and has sound documentation standards and reporting procedures in place.

12. We plan to place formal reliance on aspects of the work of internal audit in the following areas, to support our audit opinion on the financial statements:
- pensions administration
 - adherence to the Funds' scheme of delegation
 - ICT application security
 - accounts payable
 - annual governance statement.

Materiality

13. International Standard on Auditing 320 provides guidance on the concept of materiality. We consider materiality and its relationship to audit risk when planning the nature, timing and extent of our audit and conducting our audit procedures. Specifically with regard to the financial statements, we assess the materiality of uncorrected misstatements, both individually and collectively.
14. Based on our knowledge and understanding of the Funds we have set our overall planning materiality at 0.5% of net assets for each separate Fund. We set a lower level, known as performance materiality, when defining our audit procedures.

This level depends on professional judgement and is informed by a number of factors including:

- extent of estimation and judgement within the financial statements
 - nature and extent of prior year misstatements
 - extent of audit testing coverage.
15. As the net assets of the Funds are significantly more than the income and expenditure streams, we set separate planning materiality levels for income and expenditure through the fund accounts. These levels are based on 1% of total contributions received for each Fund. We also set separate performance materiality levels for these areas.
16. Exhibit 1 summarises the materiality levels applied across the financial statements areas.

Exhibit 1: Materiality levels

Financial statements area	Planning materiality £000s	Performance materiality £000s
Main fund – net assets statement	23,420	17,570
Main fund – fund account	1,860	1,400
Lothian Buses – net assets statement	1,690	1,230
Lothian Buses – fund account	97	73
Scottish Homes – net assets statement	682	512
Scottish Homes – fund account	75	56

17. Subject to the comments in the paragraph 18, we will report to those charged with governance all individual misstatements over the following thresholds:
- Main fund - £100,000
 - Lothian Buses – £15,000
 - Scottish Homes - £10,000.
18. In addition, an inaccuracy which would not normally be regarded as material in terms of monetary value may be important for other reasons (for example the failure to achieve a statutory requirement, or an item contrary to law). In the event of such an item arising, its materiality has to be viewed in a narrower context; such matters would normally fall to be

covered in an explanatory paragraph in the independent auditor’s report.

Reporting arrangements

19. The Local Authority Accounts (Scotland) Regulations 2014 require that the unaudited annual accounts are submitted to the appointed external auditor no later than 30 June each year. The Pension Committee is required to consider the unaudited annual accounts at a meeting by 31 August 2015.
20. Local authorities must publish the unaudited accounts on their websites and give public notice of the inspection period.
21. The 2014 regulations require the local authority (or a committee whose remit includes audit or governance) to meet by 30 September 2015 to consider whether to approve the audited annual accounts for signature. Immediately after approval, the annual accounts require to be signed and dated by specified members and officers and then provided to the auditor. The Controller of Audit requires audit completion and issue of an independent auditor's report (opinion) by 30 September each year.
22. Lothian Pension Fund is required to publish on its website its signed audited annual accounts, and the audit certificate, by 31 October 2015. The annual audit report is required to be published on the website by 31 December 2015.

23. An agreed timetable is included at Exhibit 2 which takes account of submission requirements and planned Pension Committee dates.

Exhibit 2: Financial statements audit timetable

Key stage	Date
Meetings with officers to clarify expectations of working papers and financial system reports	31 March 2015
Testing and review of internal control systems and transactions	By 30 June 2015
Planned committee approval of unaudited financial statements	24 June 2015 TBC
Submission of unaudited Funds' financial statements with working papers package	30 June 2015
Progress meetings with officers on emerging issues	As required
Latest date for final clearance meeting Pensions & Accounting Manager	7 Sept 2015 TBC
Agreement of unsigned financial statements for Pensions committee / Pensions Audit sub-committee, and issue of combined ISA 260report to those charged with governance and Annual Audit Report.	14 Sept 2015
Pension Committee date	30 Sept 2015
Independent auditors report signed	30 Sept 2015

24. Matters arising from our audit will be reported on a timely basis and will include agreed action plans. Draft management reports will be issued to the pensions and accounting manager to confirm factual accuracy. Responses to draft reports are expected within two weeks of submission. A copy of all final agreed reports will be sent to the Director of Corporate Governance, Investment and Pensions Services Manager, Pensions and Accounting Manager (as Proper Officer), Internal Audit and Audit Scotland's Performance Audit and Best Value Group. In addition key findings will be submitted to the Pensions Audit Sub-Committee and Pensions Committee for their consideration.

25. We will provide an independent auditor's report to Lothian Pension Fund and the Accounts Commission that the audit of the financial statements has been completed in accordance with applicable statutory requirements. As part of streamlining our audit approach, this year the Annual Audit Report will be combined with the ISA 260 report. As a result, the Annual Audit Report will be issued by 30 September 2015 which is one month earlier than previous years.

26. All annual audit reports produced are published on Audit Scotland's website: (www.audit-scotland.gov.uk).

27. Planned outputs for Lothian Pension Fund are summarised at appendix 1.

Quality control

28. International Standard on Quality Control (UK and Ireland) 1 (ISQC1) requires that a system of quality control is established, as part of financial audit procedures, to provide reasonable assurance that professional standards and regulatory and legal requirements are being complied with and that the independent auditor's report or opinion is appropriate in the circumstances. The foundation of our quality framework is our Audit Guide, which incorporates the application of professional auditing, quality and ethical standards and the Code of Audit Practice issued by Audit Scotland and approved by the Accounts Commission. To ensure that we achieve the required quality standards, Audit Scotland conducts peer reviews and internal quality reviews and has been subject to a programme of external reviews by the Institute of Chartered Accountants of Scotland (ICAS).
29. As part of our commitment to quality and continuous improvement, Audit Scotland will periodically seek your views on the quality of our service provision. We do, however, welcome feedback at any time and this may be directed to the engagement lead, David McConnell.

Independence and objectivity

30. Auditors appointed by the Accounts Commission must comply with the Code of Audit Practice. When auditing the financial

statements, auditors must also comply with professional standards issued by the Auditing Practices Board (APB) and those of the professional accountancy bodies. These standards impose stringent rules to ensure the independence and objectivity of auditors. Audit Scotland has in place robust arrangements to ensure compliance with these standards including an annual "fit and proper" declaration for all members of staff. The arrangements are overseen by the Assistant Auditor General, who serves as Audit Scotland's Ethics Partner.

31. Auditing and ethical standards require the appointed auditor to communicate any relationships that may affect the independence and objectivity of audit staff.
32. Audit Scotland is an admitted body within Lothian Pension Fund, and represents around 1% of fund membership. Staff involved in the audit are members of the fund. While this merits disclosure, it is not considered to represent a conflict of interest for the organisation or individuals involved. We are not aware of any other relationships pertaining to the audit of the Funds.

Audit issues and risks

33. Based on our discussions with staff, attendance at committee meetings and a review of supporting information, we have identified the following main financial statements risk areas for your organisation.
34. **Management override of controls:** Auditing standards (ISA 240 *The auditor's responsibility to consider fraud in an audit of financial statements*) highlights the unique position of management to influence the financial statements by overriding controls that otherwise operate effectively.
- The ability to override these controls exists in all entities and therefore represents a significant financial statements risk due to fraud. We will undertake focused substantive testing of journal entries, accounting estimates and significant transactions outside the course of normal business.
35. **Investment management - special purpose vehicles:** The Funds' investment managers and senior officers' employment are being transferred from City of Edinburgh Council to a newly established company wholly owned by the council. The objective of this move is to mitigate the risk of losing existing specialist staff. The company will employ senior staff and

investment managers of the pension fund, and will facilitate the recruitment of staff on different terms and conditions (including notice periods) from existing council terms. The transfer is planned to occur in March 2015.

36. These changes will also result in revisions to how staffing costs are recorded by the Funds. We will review in detail the transactions between the limited company and the Funds to consider whether;
- their disclosure is consistent with CIPFA's Code of Local Authority Accounting
 - the charges made by the company reflect the costs attributable to the management of the Funds' affairs.
37. Further organisational changes will involve the creation of a separate company that is authorised by the Financial Conduct Authority (FCA) to carry out regulated financial activities. The objective of this change is to provide Lothian Pension Funds with more flexibility around undertaking transactions that could be considered regulated activities.
38. Based on discussions with the Funds' officers, indications are that the company will be established after 31 March 2015 and therefore will have no impact on the 2014/15 financial statements. However we will monitor developments in this area and review the governance arrangements for both companies as they are established.

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- 39. Investment management expenses:** The disclosure of investment management cost has been an area of focus for CIPFA in recent years. In 2014, CIPFA issued new guidance concerning the recording and presentation of investment management costs. Local Government Pension Schemes will be expected to apply this guidance to their 2014/15 financial statements as a matter of best practice.
- 40.** In anticipation of the CIPFA guidance, the Funds applied an approach to estimating Investment management costs to their 2013/14 financial statements. The intention of the Funds' approach was to increase transparency through estimating management fees deducted from the capital value of investments.
- 41.** For the 2014/15 financial statements, we will review the Funds approach to recording and presenting investment management costs against the newly issued CIPFA guidance. The guidance requires all management expenses to be fully disclosed in a note to the financial statements, including those relating to pooled investment vehicles, private equity funds and global real estates funds.
- 42. Requirements of new accounting regulations:** The Local Authority Accounts (Scotland) Regulations 2014 have introduced some changes to the contents of the financial statements, the processes for approving the unaudited annual accounts, and the requirements for the publication of the audited annual accounts.
- 43.** The new regulations include for the first time the requirement for a management commentary. The Code of Practice on Local Authority Accounting in the United Kingdom encourages authorities to take into account the relevant provisions of the Government financial reporting manual (FReM) in respect of management commentaries. We will review the narrative in the unaudited annual accounts to ensure it complies with the new accounting regulations.
- 44.** In addition, the 2014 regulations introduce the requirement for the administering authority to undertake an annual review of systems of internal control and report this in an annual governance statement. Currently the regulations require an administering authority to prepare and publish a governance compliance statement for the pension fund.
- 45.** Lothian Pension Fund has included both an annual governance statement and a governance compliance statement in previous years' accounts. However, the Scottish Government recommends that one statement is prepared that satisfies both sets of regulations. We will review the annual governance statement in the unaudited annual accounts to ensure it complies with the requirements of the regulations.
- 46.** As part of our wider responsibilities under Audit Scotland's Code of Practice, we are required to consider wider dimension

audit issues and risks that are over and above risks relating to the financial statements. The Public Service Pensions Act 2013 introduces a number of changes to the governance structure of pension funds from 1 April 2015. Regulations to implement the Act in Scotland are still being finalised, however Lothian Pension Fund has approved in principle arrangements to ensure a Pension Board will be properly constituted by 1 April 2015. We will monitor progress in this area through the course of our audit.

Summary assurance plan

47. Within these identified risk areas there is a range of more specific risks and these are summarised at Appendix II. In most cases, actions to manage these risks are either planned or already underway within the organisation. Details of the sources of assurance that we have received for each of these risks and any audit work we plan to undertake is also set out in Appendix II. In the period prior to the submission of the unaudited financial statements, we will liaise with senior officers on any new or emerging issues.

Fees and resources

Audit fee

48. Over the past four years, Audit Scotland has reduced audit fees by 23.5% in real terms, exceeding our 20% target. Due to further refinement of our audit approach we have been able to restrict the increase in audit fees for 2014/15 to 1% which, in real terms, represents a 0.6% reduction at 2014 price levels.
49. In determining the audit fee we have taken account of the risk exposure of the Funds, the management assurances in place, and the level of reliance we plan to take from the work of internal audit. We have assumed receipt of a complete set of unaudited financial statements and comprehensive working papers package by 30 June 2015.
50. The agreed audit fee for the 2014/15 audit of the Funds is £47,660. Our fee covers:
- the costs of planning, delivering and reporting the annual audit including auditor's attendance at committees
 - a contribution towards functions that support the local audit process (e.g. technical support and coordination of the National Fraud Initiative), support costs and auditors' travel and subsistence expenses.

51. Where our audit cannot proceed as planned through, for example, late receipt of unaudited financial statements or being unable to take planned reliance from the work of internal audit, a supplementary fee may be levied. An additional fee may also be required in relation to any work or other significant exercises outwith our planned audit activity.

Audit team

52. David McConnell, Assistant Director, Audit Services is your appointed auditor. The local audit team will be led by Stephen O'Hagan who will be responsible for day to day management of the audit and who will be your primary contact. Details of the experience and skills of our team are provided in Exhibit 3. The core team will call on other specialist and support staff as necessary.

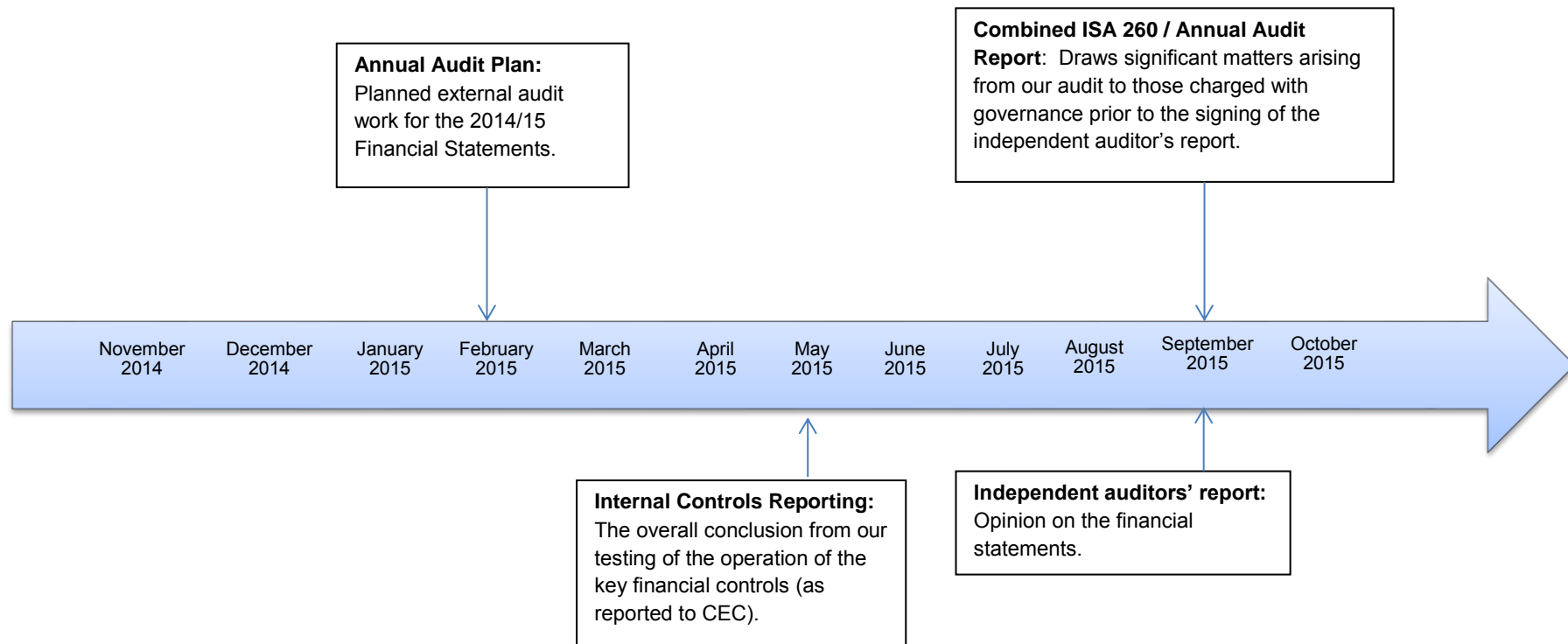
Exhibit 3: Audit team

Name	Experience
David McConnell, CPFA Assistant Director of Audit	David has extensive experience of audit in Central Government, Local Government and the NHS. He has worked in public sector audit since 1981, firstly with the National Audit Office and, since 1985, with the Accounts Commission/Audit Scotland. David is currently the lead for Audit

Name	Experience
	Scotland's Impact working group.
Stephen O'Hagan, CPFA Senior Audit Manager	Stephen has over 17 years experience of public sector audit with Audit Scotland, covering local government, central government, health and the education sector. Prior to joining Audit Scotland, Stephen worked in local government finance for 5 years.
Neil Reid CMIIA & QICA, Senior Auditor	Neil has 25 years public sector experience covering a mix of local government, police and central government within internal and external audit prior to joining Audit Scotland in 2005. Neil's experience has also involved a secondment to Deloitte, as a manager working in their advisory and ERS teams.
Ross McDonald Auditor	Ross joined Audit Scotland's Health and Local Government Team in October 2011. He is currently exam-qualified for the ICAS professional qualification and is due to achieve the necessary experience requirements in the summer of 2015.

Appendix I: Planned audit outputs

The diagram below shows the key outputs planned for Lothian Pension Fund in 2014/15.



Appendix II: Significant audit risks

We undertake a risk-based audit whereby we focus on those areas where we have identified a risk of material misstatement in the accounts. This section shows how our audit approach focuses on the risks we have identified through our planning procedures. ISA 315 *Identifying and assessing the risks of material misstatement through understanding the entity and its environment* defines a significant risk as “an identified and assessed risk of material misstatement that, in the auditor’s judgement, requires special audit consideration.”

In this section we identify a range of risks facing Lothian Pension Fund, the related source of assurance received and the audit work we propose to undertake to secure additional assurance. The management of risk is the responsibility of Lothian Pension Fund and its officers, with the auditor’s role being to review the arrangements put in place by management. Planned audit work, therefore, will not necessarily address all residual risks.

Audit Risk	Source of assurance	Assurance procedure
<p>Management override of controls</p> <p>ISA 240 requires that audit work is planned to consider the risk of fraud, which is presumed to be a significant risk in any audit. This includes consideration of the risk of management override of controls in order to change the position disclosed in the financial statements</p>	<ul style="list-style-type: none"> • N/A 	<ul style="list-style-type: none"> • Detailed testing of journal entries • Review of accounting estimates for bias • Evaluating significant transactions that are outside the normal course of business.

Audit Risk	Source of assurance	Assurance procedure
<p>Investment management – special purpose vehicles</p> <p>Investment and other senior staff will be transferred to a new company created to provide the Pension Funds more flexibility in the terms and conditions on which staff are recruited.</p> <p>There is a risk that transactions between Lothian Pension Funds and the newly established company may not be recorded and disclosed in accordance with the accounting requirements of 'The Code'.</p>	<ul style="list-style-type: none"> • Management's implementation of service level agreements and charging schedules. • Financial statements are consistent with the Companies Act and applicable UK accounting framework by the Funds' management. 	<ul style="list-style-type: none"> • Detailed testing of transaction between the Funds and the newly established company. • Review of the disclosures made in the Funds' 2014/15 financial statements concerning the relationship between the Funds and the company against the requirements of 'The Code' and sector specific guidance.
<p>Investment management expenses</p> <p>CIPFA guidance applicable for 2014/15 requires all management expenses, including those deducted from the capital value of investments, to be fully disclosed in a note to the financial statements. Lothian Pension Fund applied a revised methodology in 2013/14, in advance of the CIPFA guidance, with a view to enhancing the transparency of existing disclosures.</p> <p>There is a risk that the methodology applied does not fully reflect the requirements set out in the CIPFA guidance, or provide a level of comparability with other pension fund disclosures.</p>	<ul style="list-style-type: none"> • Funds' ongoing dialogue with CIPFA and Local Government Pension Scheme working groups. • Financial statements are consistent with CIPFA guidance. 	<ul style="list-style-type: none"> • Review of the Funds' approach to estimating management expenses against the CIPFA guidance.

Audit Risk	Source of assurance	Assurance procedure
<p>Requirements of new accounting regulations</p> <p>The Local Authority Accounts (Scotland) Regulations 2014 introduce some changes to the contents of the financial statements and the approval processes for the annual accounts.</p> <p>There is a risk that the pension fund annual accounts do not comply with the new regulations and are not approved in accordance with the new requirements.</p>	<ul style="list-style-type: none"> • Project planning and preparatory work is underway to ensure compliance with the regulations. • Reviewing progress against targets being undertaken. 	<ul style="list-style-type: none"> • Review of compliance as part of the detailed financial statements review for 2014/15