

27 NOV 2019

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FAO Daljit Lally
Northumberland Council
County Hall
Morpeth
NE61 2EF

27 November 2019

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Dear Sirs

In accordance with sections 3(2)(a) and (b) of the Regulations, the reasons that we are ceasing to hold office are consequent upon the response of the Authority's senior management to the additional procedures we carried out in response to allegations received regarding senior management and others that have significant roles in internal control within the Authority (as disclosed in our Audit Results Report for the year ended 31 March 2019). We would draw the following matters to the attention of the Authority's auditor panel:

Serious disagreements arose with the Authority's senior management in relation to:

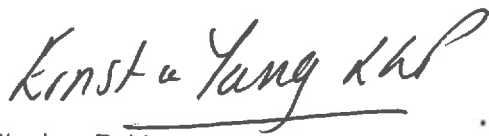
- (i) the nature and scope of the additional procedures required;
- (ii) our resulting observations, including in relation to management culture, the independence of the Authority's internal audit function and the role of the finance function; and
- (iii) our conclusion that, as a result of these observations, it was necessary to issue an adverse value for money conclusion and report that the Authority's annual governance statement is misleading or inconsistent with other information forthcoming from the audit or our knowledge of the Council.

The nature and extent of these disagreements, and senior management's response to the additional procedures we considered it necessary to undertake in order to fulfil our statutory duties as the Authority's external auditor (including a threat to remove us as auditors), has led us to conclude that we are unwilling to continue to act as the Authority's auditor.

We draw your attention to the fact that the Authority has its own statutory obligations where we have resigned as auditor (as detailed, in particular, in sections 3(4), 3(5), 3(6), 4(2) and 4(3) of the Regulations), including to provide this notice to its auditor panel and to publish this notice and the auditor panel's statement on its website.

If the Authority has any questions regarding its legal obligations in relation to this notice we recommend that it seeks legal advice.

Yours faithfully



Stephen Reid

Partner

For and on behalf of Ernst & Young LLP