
London Borough of Bromley

External Audit Plan 2011/12

Government and Public
Sector

February 2012



Audit Sub Committee,
London Borough of Bromley,
Civic Centre,
Stockwell Close,
Bromley,
BR1 3UH

20 February 2012

Ladies and Gentlemen,

We are delighted to present to you our external audit plan for 2011/12, which includes an analysis of our assessment of significant audit risks, our proposed audit strategy, audit and reporting timetable and other matters. Discussion of our strategy with you enables our engagement team members to understand your concerns and agree on mutual needs and expectations to provide the highest level of service quality. Our approach is responsive to the many changes affecting the London Borough of Bromley.

If you have any questions regarding matters in this document please contact Janet Dawson or Katy Elstrup. We look forward to discussing our plan with the Audit Sub-Committee on 8 March 2012.

Yours faithfully

PricewaterhouseCoopers LLP

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In March 2010 the Audit Commission issued a revised version of the 'Statement of Responsibilities of Auditors and of Audited Bodies'. It is available from the Chief Executive of each audited body and on the Audit Commission's [website](#). The purpose of the statement is to assist auditors and audited bodies by explaining where the responsibilities of auditors begin and end and what is to be expected of the audited body in certain areas. Our reports are prepared in the context of this Statement. Reports and letters prepared by appointed auditors and addressed to members or officers are prepared for the sole use of the audited body and no responsibility is taken by auditors to any Member or officer in their individual capacity or to any third party.

Introduction

Purpose of this plan

Our Audit Plan (“the Plan”) has been prepared to inform the officers and non-executives of the London Borough of Bromley (“the Council”) about our responsibilities as your external auditors and how we plan to discharge them.

We issued our audit fee letter on 28th April 2011 in accordance with Audit Commission requirements, which set out our indicative fees for 2011/12. This plan sets out in more detail our proposed audit approach for the year.

Every Council is accountable for the stewardship of public funds. The responsibility for this stewardship is placed upon the Members and officers of the Council. It is our responsibility to carry out an audit in accordance with the Audit Commission’s Code of Audit Practice (“the Audit Code”).

Based upon discussion with management and our understanding of the Council and the local government sector, we have noted in the next section recent developments and other relevant risks. Our plan has been drawn up to consider the impact of these developments and risks.

Scope of the audit

We will conduct our audit in accordance with the relevant requirements of the Audit Commission Act 1998 and the Code of Audit Practice 2010 for local government bodies (“the Audit Code”) published by the Audit Commission.

Statement of Accounts

We will conduct our audit of the Statement of Accounts in accordance with International Standards on Auditing (UK and Ireland) as published by the Auditing Practices Board. We will issue an opinion stating whether in our view:

- the Statement of Accounts provides a true and fair view and has been prepared in accordance with the requirements of the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom and the CIPFA Service Reporting Code of Practice;
- the pension fund’s accounting statements provide a true and fair view and have been prepared in accordance with the requirements of the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom; and
- the information given in the Explanatory Foreword is consistent with the Statement of Accounts.

In our audit report on the Statement of Accounts, we are also required to report by exception where, in our view, the Annual Governance Statement does not comply with the requirements of “Delivering Good Governance in Local Government: Framework” published by CIPFA/SOALCE in June 2007 or is misleading or inconsistent with information we are aware of from our audit.

As part of our work on the Statement of Accounts statements we will examine:

- the Whole of Government Accounts schedules submitted to the Department for Communities and Local Government and issue an opinion stating whether in our view they are consistent with the Statement of Accounts; and
- the accounting statements included in the pension fund annual report and issue an opinion stating whether in our view they are consistent with the Statement of Accounts.

Value for money conclusion

Under the Audit Code we are also required to report on the Council’s arrangements for securing economy, efficiency and effectiveness in its use of resources.

As in 2010/11, we will perform the work we consider necessary to allow us to give our statutory value for money conclusion based on the following two criteria specified by the Audit Commission:

- that the Council has proper arrangements in place for securing financial resilience; and
- that the Council has proper arrangements for challenging how it secures economy, efficiency and effectiveness.

Pension Fund Accounts

We prepare a separate Audit Plan for the work on the pension fund. This and other matters relating to the pension fund audit will be presented to those charged with governance for the pension fund, as well as to the officers and Members of the Council.

Other reporting requirements

In addition, we are also required to consider:

- Whether we need to issue a report in the public interest under s8 of the Audit Commission Act 1998;
- Whether we need to make written recommendations for the consideration of the Council under s11(3) of the 1998 Act;
- Whether we believe that the Council or one of its officers:
 - is about to make or has made a decision which involves or would involve the authority incurring expenditure which is unlawful,
 - is about to take or has begun to take a course of action which, if pursued to its conclusion, would be unlawful and likely to cause a loss or deficiency, or
 - is about to enter an item of account, the entry of which is unlawfuland we need to issue an advisory notice under s19A of the 1998 Act;
- Whether there is any item of account for which we need to make an application to the court under s17 of the 1998 Act for a declaration that the item is contrary to law; and
- Whether we need to apply under s24 of the 1998 Act for judicial review of any decision or failure to act by the Council which it is reasonable to believe would have an effect on the accounts.

Audit approach

Significant and elevated audit risks

We have identified the following significant risks for our audit.

Our risk assessment forms the basis for planning and guiding all subsequent audit activities. It allows us to determine where our audit effort should be focused and whether we can place reliance on the effective operation of controls implemented by management. Risks are categorised as follows:

● <i>Significant</i>	Risk of material misstatement due to the likelihood, nature and magnitude of the balance or transaction. These require specific focus in the year.
● <i>Elevated</i>	Although not considered significant, the nature of the balance/area requires specific consideration.

Financial statements risks

Risk	Significant / elevated risk	Reason for risk identification	Audit approach
Fraud and management override of controls	● Significant	<p>ISA (UK&I) 240 requires that we plan our audit work to consider the risk of fraud, which is presumed to be a significant risk in any audit.</p> <p>This includes consideration of the risk that management may override controls in order to manipulate the financial statements.</p> <p>Management override of controls are most likely and could have the most significant impact in areas of accounting judgement, such as estimates, provisions, and journals that are processed outside of the standard accounting systems and in any areas where there are weaknesses around segregation of duties.</p>	<p>We will perform procedures to;</p> <ul style="list-style-type: none"> • understand and evaluation internal control processes and procedures as part of the planning work; • test the appropriateness of journal entries; • review accounting estimates for biases and evaluate whether circumstances producing any bias, represent a risk of material misstatement due to fraud; • evaluate the business rationale underlying significant transactions; • perform ‘unpredictable’ procedures; and • perform other audit procedures if necessary.
Recognition of income and expenditure	● Significant	<p>Under ISA (UK&I) 240 there is a (rebuttable) presumption that there are risks of fraud in revenue recognition.</p> <p>We extend this presumption to the recognition of expenditure in local government.</p> <p>We will consider income and expenditure streams on an</p>	<p>We will perform procedures to;</p> <ul style="list-style-type: none"> • obtain an understanding of revenue and expenditure controls; • evaluate and test the accounting policy for income and expenditure recognition to ensure that this is consistent with the

		individual basis and focus our work on those streams most susceptible to incorrect recognition in the financial statements. We would expect the areas of fees and charges, contracts, leases and other financial arrangements to be the main areas of focus for our audit of the Council.	<p>requirements of the Code of Practice on Local Authority Accounting; and</p> <ul style="list-style-type: none"> perform detailed testing of revenue and expenditure transactions, focussing on the areas we consider to be of greatest risk.
Valuation of properties	<p style="text-align: center;">●</p> <p style="text-align: center;">Significant</p>	<p>Property, plant and equipment (PPE) represents the largest balance in the Council’s balance sheet. The Council measures its properties at fair value involving a range of assumptions and the use of external valuation expertise. ISAs (UK&I) 500 and 540 require us, respectively, to undertake certain procedures on the use of external expert valuers and processes and assumptions underlying fair value estimates.</p> <p>Specific areas of risk include:</p> <ul style="list-style-type: none"> The accuracy and completeness of detailed information on assets. Whether the Council’s assumptions underlying the classification of properties are appropriate. Whether properties that are not programmed to be revalued in the year might have undergone material changes in their fair value. The valuer’s methodology, assumptions and underlying data, and our access to these. 	<p>We will perform the following procedures in relation to this risk;</p> <ul style="list-style-type: none"> review the accuracy and completeness of the detailed information on assets including heritage assets; review and test the Council’s assumptions underlying the classification of properties are appropriate; and review the Valuer’s methodology, assumptions and underlying data used in valuing the assets.

Other Audit Code responsibilities risks

Risk	Significant / elevated risk	Reason for risk identification	Audit approach
Savings plans	<p style="text-align: center;">●</p> <p style="text-align: center;">Elevated</p>	The Council is experiencing increased pressures on many of its budgets in the current economic climate and savings required to be made in the current and future years. Budget holders may feel under pressure to try and push costs	<p>We will perform the following procedures in relation to this risk;</p> <ul style="list-style-type: none"> we will review the Council’s budget monitoring process to identify any areas of concern. We will also bear

		<p>in to future periods, or to miscode expenditure to make use of resources intended for different purposes.</p> <p>There is a risk that savings plans may not be robust and the Council is unable to demonstrate that it has achieved value for money in its use of resources.</p>	<p>these risks in mind when carrying out cut-off testing; and</p> <ul style="list-style-type: none"> we will also consider the accounting implications of any savings plans and would welcome early discussion of any new and unusual proposals. In particular, we will consider the impact of the efficiency challenge on the recognition of both income and expenditure.
<p>Redundancies, severance and ex-gratia payments</p>	<p style="text-align: center;">● Elevated</p>	<p>We understand that there are structural changes occurring within the Council, which will involve a number of potential redundancies.</p> <p>Terminating the contracts of senior staff could be high profile and costly.</p> <p>Common issues that may arise include:</p> <ul style="list-style-type: none"> contract of employment; reasons for termination; entitlement on severance, ex-gratia agreements and discretionary benefits; value for money; and compromise agreements, gardening leave, pay in lieu of notice and confidentiality and clawback clauses. 	<p>We will review any redundancy, severance and ex-gratia payments as part of our work on the accounts, including consideration of the legality and value for money implications of any such payments.</p>

Materiality

We plan and perform our audit to be able to provide reasonable assurance that the financial statements are free from material misstatement and give a true and fair view. We use professional judgement to assess what is material. This includes the consideration of the amount and nature of transactions.

Our overall materiality for the Council will be calculated as a percentage of gross operating expenditure and will represent the level at which we would consider qualifying our audit opinion. However, our audit work is planned to a lower materiality level. We will revise our level of materiality on receipt of the 2011/12 draft accounts.

Communications plan

ISA (UK&I) 260 'Communication of audit matters with those charged with governance' requires auditors to plan with those charged with governance the form and timing of communications with them. We have assumed that 'those charged with governance' are the Audit Committee. Our team works on the engagement throughout the year to provide you with a timely and responsive service.

We have included at Appendix 4 our Communications Plan which sets out how we will communicate with those charged with governance during the year.

Risk of fraud

International Standards on Auditing (UK&I) state that we as auditors are responsible for obtaining reasonable assurance that the financial statements taken as a whole are free from material misstatement, whether caused by fraud or error. The respective responsibilities of auditors, management and those charged with governance are summarised below:

Auditors' responsibility

Our objectives are:

- to identify and assess the risks of material misstatement of the financial statements due to fraud;
- to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud, through designing and implementing appropriate responses; and
- to respond appropriately to fraud or suspected fraud identified during the audit.

Management's responsibility

Management's responsibilities in relation to fraud are:

- to design and implement programmes and controls to prevent, deter and detect fraud;
- to ensure that the entity's culture and environment promote ethical behaviour; and
- to perform a risk assessment that specifically includes the risk of fraud addressing incentives and pressures, opportunities, and attitudes and rationalisation.

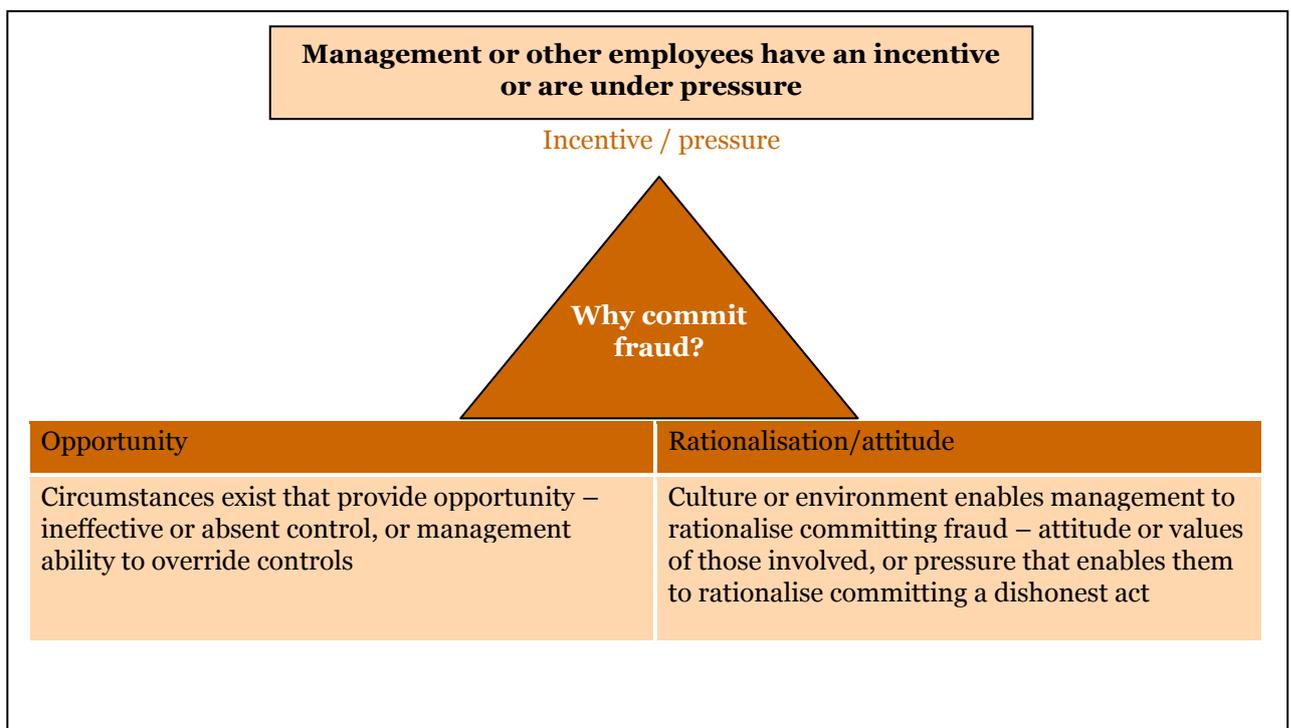
Responsibility of the Audit Committee

Your responsibility as part of your governance role is:

- to evaluate management's identification of fraud risk, implementation of anti-fraud measures and creation of appropriate "tone at the top"; and
- to investigate any alleged or suspected instances of fraud brought to your attention.

Conditions under which fraud may occur

The following diagram outlines the conditions are those under which fraud may occur. It considers the incentive/pressure to commit fraud, the opportunity to commit fraud and the rationalisation/attitude to commit fraud.



Your views on fraud

We enquire of the Audit Committee:

- Whether you have knowledge of fraud, either actual, suspected or alleged, including those involving management?
- What fraud detection or prevention measures (e.g. whistleblower lines) are in place in the entity?
- What role you have in relation to fraud?
- What protocols / procedures have been established between those charged with governance and management to keep you informed of instances of fraud, either actual, suspected or alleged?

We will discuss your views on fraud at the Audit Sub-Committee meeting on 8 March 2012.

Recent developments

Accounting developments

New Requirements in the Code of Accounting Practice

The Code of Practice on Local Authority Accounting in the United Kingdom for 2011/12 was published in Spring 2011 setting out the following substantial changes in accounting requirements for local authorities:

- For the first time in the 2011/12 Statement of Accounts, the Code requires authorities to present information about the **heritage assets** that they hold. Heritage assets are those that are intended to be preserved in trust for future generations because of their cultural, environmental or historical associations. Typical examples include historic buildings, civic regalia, museum and gallery collections and recordings of historic events. Where it is practicable to obtain a valuation (at a cost commensurate with the benefits to users of the Statement of Accounts), the Code now requires material amounts of heritage assets to be carried in the Balance Sheet at that valuation.

Where it is not practicable to obtain a valuation and there is no record of their historical cost, assets are to be omitted from the Balance Sheet. However, in these circumstances notes will be required explaining the significance and nature of those assets that are not reported in the Balance Sheet.

The Council will therefore need to assess whether it has any substantial portfolio of heritage assets. If so, it will determine whether an appropriate and relevant valuation can be made for the items in the portfolio and then obtain any valuations required. New notes to the accounts will also need to be prepared setting out the Council's policy for the acquisition, preservation, management and disposal of heritage assets.

- There is a new requirement for a disclosure note setting out the number of **exit packages** agreed, analysed between compulsory redundancies and other departures and presented in £20,000 bands up to £100,000 and £50,000 bands above £100,000. The total cost of packages in each band must also be disclosed. (There will be scope to combine bands if this is necessary to ensure that individual packages cannot be identified.)
- The **related parties** disclosures have been simplified where the Council has transactions with government departments and agencies, NHS bodies and other local authorities, limiting disclosure to individually or collectively significant transactions.

Carbon Reduction Commitment

2011/12 is the first year that the Council is required under the Carbon Reduction Commitment (CRC) Energy Efficiency Scheme to purchase and surrender CRC allowances in proportion to the emissions it makes during the year. Although the surrender in relation to 2011/12 will take place in 2012/13, the Council will need to account at 31 March 2012 for the consequences of the emissions it has made in 2011/12.

When this report was issued there was no specific guidance available to local authorities as to how CRC obligations should be reflected in the Statement of Accounts. However, it is probable that provisions will need to be made at 31 March 2012 in relation to any costs likely to be incurred in meeting obligations relating to 2011/12 emissions.

Developments in auditing

Highways Infrastructure

Arrangements will not be confirmed by the Audit Commission until after the end of the financial year, but it is possible that the scope of our opinion on the Whole of Government Accounts return may be extended to include aspects of the information that the Council might be required to provide on the depreciated replacement cost of highways infrastructure assets. We will advise the Council promptly of any new responsibilities that might be confirmed once Commission arrangements are finalised.

Appendices

Appendix 1 - audit engagement team

Your team

Your audit team has been drawn from our government and public sector team based in London. Your audit team consists of the key members listed below, but is further supported by our specialists both in the health sector, and across other services.

Audit team	Responsibilities
Janet Dawson Engagement Leader 0207 213 5244 janet.r.dawson@uk.pwc.com	Janet is responsible for independently delivering the audit in line with the Code of Audit Practice, including agreeing the Audit Plan, the quality of outputs and signing of opinions and conclusions. Janet is also responsible for liaison with the Chief Executive and the Board.
Katy Elstrup Engagement Senior Manager 0207 213 3070 katy.elstrup@uk.pwc.com	Katy will be responsible for the overall control of the audit engagement, ensuring delivery to timetable, delivery and management of target work and overall review of audit outputs. Katy will be responsible the overall preparation and presentation of the ISA (UK&I) 260 report and Annual Audit Letter.
Matthew Williams Engagement Manager 0207 212 5290 matthew.w.williams@uk.pwc.com	Matthew is responsible for the management and control of the external audit service, and for ensuring that our approach is focused on significant risk areas and reporting significant findings from our work. Matthew is also responsible for managing the audit team and liaison with finance staff on the scope and timing of our work.
Charlie Martin Team Leader 0207 804 6634 charles.martin@uk.pwc.com	Charlie is responsible for leading our audit team on site during the interim and final audit fieldwork visits, for coaching and briefing our staff and for carrying out audit work in complex areas.

Independence and objectivity

We have made enquiries of all PricewaterhouseCoopers' teams providing services to you and of those responsible in the UK Firm for compliance matters.

There are no matters which we perceive may impact our independence and objectivity of the audit team.

Relationships and investments

Members and senior officers should not seek or receive personal financial or tax advice from PwC. Non-executives who receive such advice from us (perhaps in connection with employment by a client of the firm) or who also act as director for another audit or advisory client of the firm should notify us, so that we can put appropriate conflict management arrangements in place.

Independence conclusion

At the date of this plan we confirm that in our professional judgement, we are independent accountants with respect to the Council, within the meaning of UK regulatory and professional requirements and that the objectivity of the audit team is not impaired.

Appendix 2 - audit fees

The Audit Commission has provided audit fee levels for local government bodies for the 2011/12 financial year, based on the fee for 2010/11 adjusted for the reductions set out in the final work programmes and scales of fees documents available on the Commission's website. The fee scale for the audit of the Council is £260,280.

The scale fee takes into account assessments we made in 2010/11 about audit risk and complexity, and the Commission expects variations from the scale fee to occur only where these factors are significantly different from those identified and reflected in the 2010/11 fee.

Our assessments about audit risk and complexity have been based on the following assumptions:

- Officers meeting the timetable of deliverables, which we will agree in writing;
- We are able to place reliance, as planned, upon the work of internal audit;
- We are able to draw comfort from your management controls;
- No significant changes being made by the Audit Commission to the value for money criteria on which our conclusion will be based;
- An early draft of the Annual Governance Statement being available for us to review prior to 31 March 2012;
- Our value for money conclusion and accounts opinion being unqualified.

If these prove to be unfounded or other changes in audit risk or complexity are identified, we will seek a variation order to the agreed fee, to be discussed in advance with you.

Appendix 3 – timetable

<i>Month/Deadline</i>	<i>Audit activity</i>
February 2012	Issue of External Audit Plan
February 2012	Interim audit
2nd July 2012 – 20th July 2012	Statement of Accounts audit
26 September 2012	Planned date for issue of final version of ISA (UK&I) 260 Report to those Charged with Governance
28 September 2012 (to be confirmed)	Target date for issue of: <ul style="list-style-type: none">• Audit Opinion on the Statement of Accounts;• Value for Money Conclusion; and• Opinion on the Whole of Government Accounts return
28 September (to be confirmed)	Target date for issue of the opinion on the pension fund annual report
30 November 2012 (to be confirmed)	Deadline for issue of Annual Audit Letter

Appendix 4 – communications plan

Stage of the audit	Output	Date
Audit planning	Audit fee letter	28 April 2011
	Audit plan	Issued to authority in February 2012 and presented to the Audit Sub-Committee on 8 March 2012.
Audit findings	Internal controls issues and recommendations for improvement (if applicable – may form part of the Report to those charge with Governance)	September 2012
	Summary of findings from our use of resources work to support our VFM conclusion.	September 2012
	Report to those charged with governance (ISA (UK&I) 260), incorporating specific reporting requirements, including: <ul style="list-style-type: none"> ● Any expected modifications to the audit report; ● Uncorrected misstatements (i.e. those misstatements identified as part of the audit that management have chosen not to adjust); ● Material weaknesses in the accounting and internal controls systems identified as part of the audit; ● Our views about significant qualitative aspect of your accounting practices including accounting policies, accounting estimates and financial disclosures; ● Any significant difficulties encountered by us during the audit; ● Any significant matters discussed, or subject to correspondence, with management; ● Any other significant matters relevant to 	September 2012

Stage of the audit	Output	Date
	the financial reporting process; and ● Summary of findings from our Use of Resources audit work to support our Value for Money conclusion.	
Audit reports	Audit Opinion on the Statement of Accounts Value for Money Conclusions Audit Opinion on the Pension Fund Opinion on the Whole of Government Accounts return	September 2012
	Pension Fund Annual Report	September 2012
Other public reports	Annual audit letter A brief summary report of our work, produced for the Board and to be available to the public.	November 2012

Appendix 5 - other engagement information

The Audit Commission appoint us as auditors to the London Borough of Bromley and the terms of our appointment are governed by:

- The Code of Audit Practice; and
- The Standing Guidance for Auditors

There are four further matters which are not currently included within the guidance, but which our firm's practice requires that we raise with you.

Electronic communication

During the engagement we may from time to time communicate electronically with each other. However, the electronic transmission of information cannot be guaranteed to be secure, virus or error free and such information could be intercepted, corrupted, lost, destroyed, arrive late or incomplete or otherwise be adversely affected or unsafe to use.

PwC partners and staff may also need to access PwC electronic information and resources during the engagement. You agree that there are benefits to each of us in their being able to access the PwC network via your internet connection and that they may do this by connecting their PwC laptop computers to your network. We each understand that there are risks to each of us associated with such access, including in relation to security and the transmission of viruses.

We each recognise that systems and procedures cannot be a guarantee that transmissions, our respective networks and the devices connected to these networks will be unaffected by risks such as those identified in the previous two paragraphs. We each agree to accept the risks of and authorise (a) electronic communications between us and (b) the use of your network and internet connection as set out above. We each agree to use commercially reasonable procedures (i) to check for the then most commonly known viruses before either of us sends information electronically or we connect to your network and (ii) to prevent unauthorised access to each other's systems.

We shall each be responsible for protecting our own systems and interests and you and PwC (in each case including our respective directors, members, partners, employees, agents or servants) shall have no liability to each other on any basis, whether in contract, tort (including negligence) or otherwise, in respect of any error, damage, loss or omission arising from or in connection with the electronic communication of information between us and our reliance on such information or our use of your network and internet connection.

The exclusion of liability in the previous paragraph shall not apply to the extent that such liability cannot by law be excluded.

Access to audit working papers

We may be required to give access to our audit working papers to the Audit Commission or the National Audit Office for quality assurance purposes.

Quality arrangements

We want to provide you at all times with a high quality service to meet your needs. If at any time you would like to discuss with us how our service could be improved or if you are dissatisfied with any aspect of our services, please raise the matter immediately with the partner responsible for that aspect of our services to you. If, for any reason, you would prefer to discuss these matters with someone other than that partner, please contact Paul Woolston, our Audit Commission Lead Partner at our office at 89 Sandyford Road, Newcastle Upon Tyne, NE99 1PL, or James Chalmers, UK Head of Assurance, at our office at 1 Embankment Place, London, WC2N 6NN. In this way we can ensure that your concerns are dealt with carefully and promptly. We undertake to look into any complaint carefully

and promptly and to do all we can to explain the position to you. This will not affect your right to complain to the Institute of Chartered Accountants in England and Wales or to the Audit Commission.

Events arising between signature of accounts and their publication

ISA (UK&I) 560 places a number of requirements on us in the event of material events arising between the signing of the accounts and their publication. You need to inform us of any such matters that arise so we can fulfil our responsibilities.

If you have any queries on the above, please let us know before approving the Audit Plan or, if arising subsequently, at any point during the year.

In the event that, pursuant to a request which the London Borough of Bromley has received under the Freedom of Information Act 2000, it is required to disclose any information contained in this report, it will notify PwC promptly and consult with PwC prior to disclosing such report. The London Borough of Bromley agrees to pay due regard to any representations which PwC may make in connection with such disclosure and the London Borough of Bromley shall apply any relevant exemptions which may exist under the Act to such report. If, following consultation with PwC, the London Borough of Bromley discloses this report or any part thereof, it shall ensure that any disclaimer which PwC has included or may subsequently wish to include in the information is reproduced in full in any copies disclosed.

This report has been prepared for and only for the *London Borough of Bromley* in accordance with the Statement of Responsibilities of Auditors and of Audited Bodies (Local government bodies) published by the Audit Commission in March 2010 and for no other purpose. We do not accept or assume any liability or duty of care for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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