

London Borough of Bromley 2009/10 Audit Plan



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

Ladies and Gentlemen,

We are pleased to present to you our Audit Plan, which includes an analysis of key risks, our audit strategy, reporting and audit timetable and other matters. Discussion of our plan with you ensures that we understand your concerns and that we agree on our mutual needs and expectations to provide you with the highest level of service quality. We understand the changing and challenging external environment in which the Council operates and our approach is responsive to these changes and challenges, looking to support and add value to the Council via our audit work.

We would like to thank Members and officers of the Council for their help in putting together this Plan.

If you would like to discuss any aspect of our Audit Plan please do not hesitate to contact either Janet Dawson or Stuart Brown.

Yours faithfully,

PricewaterhouseCoopers LLP

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In April 2008 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. 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 and management letters 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

The purpose of this plan

Our Audit Plan has been prepared to inform the officers and Members of 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 10 March 2009, in accordance with Audit Commission requirements, which set out our indicative fees for 2009/10. 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. Our principal objective is to carry out an audit in accordance with the Audit Commission's Code of Audit Practice (the 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.

We would like to thank Members and officers of the Council for their help in putting together this Plan.

Period covered by this plan

This Plan outlines our audit approach for the period 1 April 2009 to 31 March 2010, including the 2009/10 final accounts audit which we will undertake in

the summer of 2010.

Code of Audit Practice and Statement of responsibilities of auditors and of audited bodies

We perform our audit in accordance with the Audit Commission's Code of Audit Practice (the Code) which was last updated in July 2008. This is supported by the Statement of responsibilities of auditors and of audited bodies (the Statement) which was updated in April 2008.

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 and audit letters follow the Statement and are in line with the Code. Although Annual Audit Letters and reports may be addressed to officers or Members of the Council, they are prepared for the sole use of the audited body. Auditors do not have responsibilities to officers or Members in their individual capacities or to third parties who choose to place reliance upon the reports from auditors.

Working with you

Our relationship with you is very important to us. We believe that we have worked well with you over the last 12 months, but we as a team have set an objective of improving further over the coming year. To this end we are planning to set up a communications protocol with you to confirm who in the

audit team is responsible for each area of the audit and how we will communicate and liaise with you on progress, emerging issues and wider matters that may be of interest to the Council.

We aim to add value through our audit work both on the financial statements but also in areas such as the Use of Resources Assessment. In our first 12 months as your auditors we have sought to share our wider experiences and expertise with you, including:

- Delivering a briefing session on our audit approach and what an audit by PwC is like.
- Attended the Internal Audit team away day presenting on how their work may assist in the delivery of our audit.
- Introduced PwC specialists to share in their knowledge of specific areas, for example, sustainability and information governance.

During 2009/10 we will look to build on this and support the Council on its journey to build a better Bromley. There are a number of major changes occurring at the Council, against a back drop of tight and reducing finances. Some of the key projects currently on going include:

- Strategically important procurements, including a number of back office functions and IT.
- New ways of working and utilising the Council's accommodation.
- Preparing for the transition to International Financial Reporting Standards (IFRS).

As an integral part of our audit approach, we will seek to tailor our work to support the Council in its delivery of its broader agenda.

Risk assessment

Planning of our audit

We have considered the Council's operations and have assessed the extent to which we believe there are potential business and audit risks that need to be addressed by our audit. We have also considered our understanding of how your control procedures mitigate these risks. Based on this assessment we have determined the extent of our financial statements and use of resources audit work.

It is your responsibility to identify and address your operational and financial risks, and to develop and implement proper arrangements to manage them, including adequate and effective systems of internal control. In planning our audit work, we assess the significant operational and financial risks that are relevant to our responsibilities under the Code and the Audit Commission's Standing Guidance. This exercise is only performed to the extent required to prepare our Plan so that it properly tailors the nature and conduct of audit work to your circumstances. It is not designed to identify all risks affecting your operations nor all internal control weaknesses.

In this Plan we detail those areas which we consider to be the key risks relevant to our audit responsibilities and our response to those risks.

Our response includes details of where we are intending to rely upon internal controls, other auditors, inspectors and other review agencies and the work of internal audit, if applicable.

Risk assessment results

The following table summarises the results of our risk assessment and our planned response.

Business risks	Audit approach
Key Risks	
<p>IFRS</p> <p>International Financial Reporting Standards (IFRS) will be implemented for Local Government bodies in 2010/11. We understand that project planning for this transition is already underway at the Council and we have been working closely with the Council on this, including completing an Impact Assessment covering the effect of implementing IFRS on the Council's financial statements.</p> <p>Systems should be put in place so that information required for the transition (e.g. comparatives for 2010/11 statements) can be collected efficiently and effectively during the 2009/10 closedown.</p> <p>In order for the Council to restate the 2009/10 accounts under IFRS the 1 April 2009 opening balance sheet will need to be restated. CIPFA guidance does not currently specify deadlines for Councils to restate the 1 April 2009 balance sheet, although it advises that this is completed by 31 December 2009. If this exercise does not take place there is a risk that the 2009/10 accounts will not be restated successfully.</p>	<p>PwC performed an impact assessment for the Council on the likely impact of IFRS on the financial statements; this included a workshop for Council staff and a report setting out the top work streams and a suggested action plan.</p> <p>Since the workshop was performed we have had an update meeting with key members of staff involved in the IFRS project and we understand that the Council has a project plan in place and an IFRS group has been set up.</p> <p>We will continue to work with you throughout the year to ensure that you are aware of the main differences between IFRS and UK GAAP and to review any proposed solutions to accounting issues proposed by officers. By working closely with you on this it will help to ensure a smooth transition to IFRS and minimal disruption when it comes to preparing and auditing the 2010/11 financial statements.</p> <p>Although no formal review of the restated opening balance sheet at 1st April 2009 is required by CIPFA, to align with good practice to provide assurance over the opening position we recommend that this work is completed prior to restatement of the 2009/10 accounts. The scope of this work has not yet been defined but will be discussed and agreed with you prior to this work commencing.</p>

Business risks	Audit approach
<p>Fraud</p> <p>There is evidence that difficult economic conditions lead to increased risk of fraud. The Council is likely to be at greater risk of fraud, both by staff and by service users.</p>	<p>As part of our standard audit procedures we are required to consider the potential fraud risk at the Council.</p> <p>We will understand and review the processes and controls in place at the Council that assist in the prevention of fraud, working closely with Internal Audit to understand their work in this area and to ensure that between their work and ours the key fraud risks are being identified and reviewed.</p> <p>As part of our audit work we will also perform a number of unpredictable procedures and review those areas that have required a degree of management judgement.</p>
<p>Valuation of Assets and Revaluation Reserve</p> <p>After a number of years of increases in property prices the current economic climate has caused falls in the value of many land and building assets, and the risk of such assets being overvalued on the balance sheet remains high. We will expect the Council to have carried out impairment reviews to ensure that assets are not overvalued at the year end, and where assets have not been revalued recently, to ensure these assets are not undervalued.</p> <p>The recent introduction of the revaluation reserve in 2007/08 will have ongoing implications for the treatment of assets revalued during 2009/10. Particular care will need to be taken over the treatment of any downwards revaluations which exceed revaluation gains recognised since the start of 2007/08. These will need to be charged to the Income and Expenditure Account.</p>	<p>We have discussed an approach with you to fixed asset valuations to be applied in the 2009/10 accounts and will continue to work with officers to ensure that appropriate valuations are reflected on the balance sheet at 31 March 2010.</p>
<p>Changes to Accounting for Infrastructure Assets</p> <p>CIPFA is currently consulting on a new code to support an asset management plan based approach to the provision of financial management information about local authority transport infrastructure assets. This will eventually lead to changes in accounting for infrastructure assets in the financial statements under depreciated replacement cost (DRC), rather than historical cost basis. However, in the shorter term such valuations will be used for asset management purposes only. A timetable has been set for the use of DRC valuations in Whole of Government Accounts, which will include the use of unaudited data submissions for 2009/10.</p>	<p>We will discuss the new requirements for accounting for Infrastructure Assets with you during the year.</p> <p>Through our discussions with you to date we understand that work is underway to ensure infrastructure assets can be accounted for using the DRC method.</p> <p>Although there is no requirement to have these figures audited this year we recommend the Council continues to put the processes in place so assets can be accounted for using the DRC method. This will ensure that figures can be accurately reported in the Whole of Government Accounts return and in the financial statements in the future.</p>

Business risks	Audit approach
<p>Accounting for Council Tax</p> <p>The 2009 Local Authority SORP has changed the requirements for the way in which Council Tax income and debtors and creditors should be accounted for in the financial statements.</p> <p>For the first time, the 2009 SORP includes detailed requirements for accounting for Council Tax which includes a requirement to include appropriate shares of Council Tax debtors in the billing authorities' and major preceptors' Balance Sheets. The Council will need to ensure that it is familiar with the new requirements and that it includes the appropriate sums in its accounts.</p>	<p>We will discuss the new requirements for accounting for Council Tax with you prior to the final audit. During the interim audit we will undertake a review of the accounting arrangements for Council Tax, and test those balances as part of our final audit work.</p>
<p>Retirement benefits</p> <p>There are two important aspects of FRS 17 (Retirement Benefits) accounting that are influenced by the current economic climate:</p> <p>Discount rates – as the market for high quality corporate bonds has become shallower, problems have arisen in establishing discount rates for FRS 17 purposes.</p> <p>Valuation of scheme assets – the same guidance for determining values for financial assets applies to pension fund assets. Problems have arisen in earlier years where actuaries have used estimates for returns on assets based on trends before the year-end that have proven to be materially inaccurate. The current instability of the markets makes recurrence of this problem likely in 2009/10. The Council will need to ensure that out-of-date figures are identified and corrected.</p>	<p>As part of our interim audit work we will review how the Council has been working with their actuaries to obtain an accurate valuation for its retirement benefits. This will include how the changes in the economic climate, and the impact this may have on discount rates and the valuation of scheme assets, have been considered.</p> <p>As part of our financial statements audit we will audit the FRS 17 numbers, including reviewing the assumptions used to prepare the valuation for reasonableness.</p>
<p>Increased pressures on budgets and increased demand for services</p> <p>The Council is likely to be experiencing increased pressures on many of its budgets as economic conditions have worsened. Budget holders may feel under pressure to try to push costs into future periods, or to miscode expenditure to make use of resources intended for different purposes.</p> <p>The Council is also likely to be experiencing increased demand for its services at time when funding service provision may be under strain. This may lead to increased risks related to the processing and documentation of financial data.</p>	<p>As part of our interim work we will look to understand the controls in place over budget monitoring. We will also undertake a preliminary review of the Council's financial position and work with officers to identify any potential higher risk areas. Where such areas are identified we will tailor our final audit approach to consider these to provide assurance over the final budgetary position of these services, including that transactions are being posted to the correct period, and any provisions and transfers to reserves are appropriate.</p> <p>Given the changing economic climate the Council should continue to review all provisions made and consider whether these are still appropriate. We are aware that officers already monitor these closely and are prudent in their approach to managing potential financial risks.</p>

Our approach to the audit

Code of Audit Practice

Under the Audit Commission's Code there are two aspects to our work:

- Accounts including a review of the Annual Governance Statement; and
- The arrangements that the Authority has in place to secure economy, efficiency and effectiveness in its use of resources (Value for Money Conclusion)

We are required to issue a two-part audit report covering both of these elements.

Accounts

Our Accounts audit is carried out in accordance with our Accounts Code objective, which requires us to comply with International Standards on Auditing (ISAs) (UK & Ireland) issued by the Auditing Practices Board (APB). 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 consideration of the amount and nature of transactions.

Our audit approach is based on a thorough understanding of your business and is risk-driven. It first identifies and then concentrates resources on areas

of higher risk and issues of concern to you. This involves breaking down the accounts into components. We assess the risk characteristics of each component to determine the audit work required.

Our audit approach is based on understanding and evaluating your internal control environment and where appropriate validating these controls, where we wish to place reliance on them. This work is supplemented with substantive audit procedures, which include detailed testing of transactions and balances and suitable analytical procedures.

We also aim to rely on the work done by internal audit wherever this is appropriate. We will ensure that a continuous dialogue is maintained with internal audit throughout the year. We receive copies of all relevant internal audit reports, allowing us to understand the impact of their findings on our planned audit approach.

Whole of government accounts

Work on the Whole of Government Accounts consolidation pack is included in the scope of the accounts audit.

Value for Money Conclusion

Our Use of Resources Code responsibility requires us to carry out sufficient and relevant work in order to conclude on whether you have put in place proper arrangements to secure economy, efficiency and effectiveness in the use of resources (the Value for Money Conclusion).

This conclusion is based on relevant criteria, covering particular areas of the Council's arrangements which the Audit Commission have specified under the Code. The criteria cover three themes, Managing Finances, Governing the Business and Managing Resources, and are set out in Key Lines of Enquiry. The applicable criteria are specified by the Audit Commission each year, but where a 'no' judgement is made in one year, that criterion automatically applies in the following year, whether or not it is specified.

When forming our opinion we will seek to rely on:

- Any self assessment you have performed against the criteria;
- Your internal control mechanisms;
- Any relevant work of internal audit, inspectors and other review agencies;
- Work performed in respect of other Code requirements and mandatory work required by the Audit Commission; and
- Targeted audit work to address specific risks and validate arrangements in place at the Council.

As noted above, our opinion will be issued as part of the audit opinion on your 2009/10 financial statements.

Mandatory work for 2009/10

Use of Resources Assessment

From April 2009, the Audit Commission implemented comprehensive area assessment (CAA), jointly with the other public service inspectorates.

The audit year 2009/10 will therefore be the first full year of CAA. As part of the transition to CAA the scope of the use of resources assessment was broadened to reflect 'new' areas such as commissioning. It also now encompasses a wider definition of resources, covering natural resources, people and information technology.

Our use of resources judgements in 2009/10 will therefore serve two purposes: as a basis for Value for Money conclusions and as an input into the results of CAA which will be reported in autumn 2010.

Data Quality work

We will be required to undertake audit work in relation to data quality to support our Use of Resources Assessment.

Local government pension fund accounts -

We have prepared a separate audit plan for 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.

Local government grants audits

We will also undertake the audit work on the Council's grants in accordance with the Audit Commission guidelines. This work will take place during the summer and autumn 2010. Prior to this work commencing we will agree a project plan and deadlines for completion of this work with you.

Our team and independence

Audit Team	Responsibilities
Engagement Partner <i>Janet Dawson</i> 0207 213 5244 <i>Janet.r.dawson@uk.pwc.com</i>	Janet is responsible for independently delivering the audit in line with the Code of Audit Practice, including agreeing the Audit Plan, Audit Memorandum and Annual Audit Letter, approving the quality of outputs and signing of opinions and conclusions. Also responsible for liaison with the Chief Executive and Members.
Engagement Senior Manger <i>Stuart Brown</i> 0207 804 7581 <i>Stuart.brown@uk.pwc.com</i>	Stuart is responsible for overall control of the audit engagement, ensuring delivery to timetable, delivery and management of targeted work and overall review of audit outputs. Completion of the Audit Plan, Audit Memorandum and Annual Audit Letter.
Audit Manager: Accounts and Use of Resources <i>Bridie Tooher</i> 0207 213 2538 <i>Bridie.c.tooher@uk.pwc.com</i>	<p>Bridie is responsible for managing our accounts work, including the audit of the statement of accounts, and governance aspects of the use of resources.</p> <p>Bridie will also be responsible for co-ordinating the use of resources audit programme.</p>

Our team members

It is our intention that wherever possible staff work on the Council audit each year, developing effective relationships and an in depth understanding of your business. We are committed to controlling succession properly within the core team, providing and preserving continuity of team members.

We will hold periodic client service meetings with you, separately or as part of other meetings, to gather feedback, ensure satisfaction with our service and identify areas for improvement and development year on year. These reviews form a valuable overview of our service and its contribution to the business. We use the results to brief new team members and enhance the team's awareness and understanding of your requirements.

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

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.

Communicating with you

Communications Plan and timetable

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 Sub Committee. Our team works on the engagement throughout the year to provide you with a timely and responsive service. Below are the dates when we expect to provide the Audit Sub Committee with the outputs of our audit.

Stage of the audit	Output	Date
Audit planning	Audit Fee letter	Mar' 09
	Audit Plan	Nov' 09
Audit findings	Internal control issues and recommendations for improvement	Mar' 10
	Use of resources and preliminary conclusion for discussion	Apr' 10
Audit reports	Audit Memorandum incorporating specific reporting requirements under Auditing Standard (ISA (UK&I) 260), 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 control systems identified as part of the audit Our views about the qualitative aspects of your accounting practices and financial reporting Any other relevant matters of governance interest and Summary of findings from our use of resources audit work to support our value for money conclusion. 	Aug / Sep' 10
	Opinion on the Financial Statements including Value for Money Conclusion	Sep' 10
	Auditor Use of Resources Assessment	Sep' 10
Other public reports	Annual Audit Letter A brief summary report of our work, produced for Members and to be available to the public.	Nov' 10

Audit budget and fees

The Audit Commission has provided indicative audit fee levels for Councils for the 2009/10 financial year which depend upon the level of expenditure and potential risk. Based on your expenditure, the indicative fee scale for the Council audit is £346,000 and in our audit fee letter dated 10 March 2009 we estimated this to be the fee for 2009/10. The Audit Commission sets tolerance limits of plus or minus 30% of the fee depending on the assessed level of risk. It is usually expected that the scale fee will be used unless there is clear evidence to support a variance from this scale fee.

In the past few years the fee scale has been over 30% less than the recommended scale fee in 2008/09, which provides no scope for completing any additional work required during the audit period and as a result of which the Audit Commission have queried the appropriateness of the fee. This year we have included an element in 2009/10 to reflect the additional work required of us in restating your 2009/10 opening balance sheet under IFRS, which will be charged on the basis of actual work completed once the scope of the work has been agreed. The fee required to complete the additional work at the London Borough of Bromley remains at 20% less than Audit Commission's scale fee, which reflects the good processes in place for preparing the accounts and the Council's strong Use of Resources score.

Now that we have completed our audit for 2008/09 we are in a position to identify what we see are the key risks facing the Council. These have been set out in the section above. We have also used this information to re-profile the fee to reflect more accurately the split between time required for audit and Use of Resources (previously based on information provided by the predecessor audit firm Baker Tilly). We have applied these against the scales fee that we communicated to you in our fee letter in March 2009. This has resulted in the fee estimate set out in the table below.

The audit fee has been increased from 2008/09 to account for the actual costs of undertaking the work required for the financial statements audit and the new Use of Resources assessment (which we have recently completed for 2009/10). The proposed fees above cover the additional work that is anticipated in 2009/10 due to the implementation of IFRS. This will include a review of the restated 1 April 2009 opening balance sheet in accordance with a scope to be agreed with you. The Use of Resources assessment for 2009/10 will include the key line of enquiry (KLOE) in relation to workforce.

The above scale fee does not include the fee for the audit of the Council's Pension Fund. A separate fee for this audit will be determined by the Audit Commission and reported separately. The fee does not include any inspection and assessment fees. Your Comprehensive Area Assessment Lead will be writing to you separately on inspection fees.

	2009/10	2008/09 outturn
Audit	£168,000	£134,800*
Use of resources	£80,000**	£120,300*
IFRS	£30,000***	-
Total	£278,000	£255,100
Grants certification work	£50,000	£47,470

* split based on amounts recharged by Baker Tilly for UoR 2008/09 work performed in 2008

** 2009/10 Use of resources fee

*** to be charged as incurred

Our fee for accounts work includes the following:

- Audit of the financial statements for 2009/10
- Work on whole of government accounts for 2009/10
- Support on IFRS, including early discussions and agreement on accounting approaches.
- Review of the restated 1st April 2009 opening balances.

Our fee for use of resources work includes the following:

- Use of Resources assessment, supporting the Comprehensive Area Assessment (CAA)
- Value for Money Conclusion
- Follow up of previous work.

We have based the fee level 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;
- We are able to place reliance on the work of inspectors and internal audit in respect of our Value for Money conclusion;
- No significant changes being made by the Audit Commission to the use of resources 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 2010; and
- Our Value for Money conclusion and accounts opinion being unqualified.

If these prove to be unfounded, we will seek a variation order to the agreed fee, to be discussed in advance with you.

Certification of grant claims

Our fee for the certification of grant claims is based on the amount of time required to complete individual grant claims at standard hourly rates. The fee included in the table above is an estimate based on the 2008/09 level of inputs. We will discuss and agree the final fee with the Director of Resources and his team.

Appendix A: Other engagement information

The Audit Commission appoint us as auditors to 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 five 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 Richard Sexton, 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.

Freedom of Information Act

In the event that, pursuant to a request which the audited body 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 audited body agrees to pay due regard to any representations which PwC may make in connection with such disclosure and the audited body shall apply any relevant exemptions which may exist under the Act to such report. If, following consultation with PwC, the audited body 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.

