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London Borough of Havering

Draft External Audit Plan 2011/12

Government and
Public Sector

6 February 2012

Audit Committee
London Borough of Havering
Town Hall
Main Road
RM1 3BB

6 February 2012

Ladies and Gentlemen

We are delighted to present to you our external Audit Plan 2011/12, which includes an analysis of our assessment of the key 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 Havering.

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

If you have any questions regarding matters in this document please do not hesitate to contact either Ciaran McLaughlin or Chris Hughes.

Yours faithfully

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Introduction

Purpose

This Audit Plan has been prepared to provide the officers and Members of London Borough of Havering with information about our responsibilities as external auditors and how we plan to discharge them.

We issued our audit fee letter setting out our indicative fees for 2011/12, on 19 April 2011, in accordance with the Audit Commission requirements. 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.

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

Period covered by this plan

This plan outlines our audit approach for the period 1 April 2011 to 31 March 2012, including the 2011/12 final accounts audit which we will undertake in July to September 2012.

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 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/SOLACE 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.

Value for Money conclusion

Under the Audit Code we are also required to report on the London Borough of Havering'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 unlawful and 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

Planning of our audit

We have considered the Authority'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.

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.

For planning purposes, our overall materiality for the Council is set at 2% of gross expenditure in 2010/11. This will be updated on receipt of the 2011/12 draft accounts. Overall materiality represents the level at which we would consider qualifying our audit opinion.

However, ISA (UK&I) 450 (revised) requires that we record all misstatements identified except those which are "clearly trivial". Matters which are clearly trivial are matters which we expect not to have a material effect on the financial statements even if accumulated. When there is any uncertainty about whether one or more items are clearly trivial, the matter is considered not to be clearly trivial. We propose to treat misstatements less than £500k as being clearly trivial.

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.

We plan our work to have a reasonable expectation of detecting fraud where the potential effects would be material to the financial statements of the Authority. Based on the level of management's control procedures, we consider whether there are any significant risks of fraud that may have a material impact on the financial statements and adapt our audit procedures accordingly. We also consider the risk of fraud due to management override of controls and design our audit procedures to respond to this risk.

Our audit approach is based on understanding and evaluating your internal control environment and where appropriate validating these controls, if 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.

Key risks

Significant and elevated audit risks

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:

●	Significant	Risk of material misstatement due to the likelihood, nature and magnitude of the balance or transaction. These require specific focus in the year.
●	Elevated	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 -management override of controls	●	The primary responsibility for the detection of fraud rests with management. Their role in the detection of fraud is an extension of their role in preventing fraudulent activity. They are responsible for establishing a sound system of internal control designed to support the achievement of the organisations policies, aims and objectives and to manage the risks facing it; this includes the risk of fraud. Our audit is designed to provide reasonable assurance that the 2011/12 Accounts are free from material misstatement, whether caused by fraud or error. We are not responsible for preventing fraud or corruption, although our audit may serve to act as a deterrent. We consider the manipulation of financial results through the use of journals and management estimates, such accruals as significant fraud risks.	We will understand and evaluate controls relating to income and expenditure recognition and: • seek to place reliance on internal audit work on key controls; and • reperform a sample of tests carried out by internal audit around key controls to confirm they are operating effectively. We will consider the accounting policies adopted by the Council and subject income and expenditure to the appropriate level of testing to identify any material misstatement. We will carry out cut off testing on expenditure at year end to ensure that expenditure has been recorded in the correct financial year. We will test expenditure invoices to ensure they have been correctly classified in the financial statements as either revenue or capital expenditure. We will also carry out the required certification work in respect of the Housing and Council Tax Benefit Subsidy for the year. We also use our work on income and expenditure recognition set our below to help address the risk of material misstatement cased by management override of controls. We will perform 'unpredictable' audit procedures in addition to those set out above.

Risk	Significant / elevated risk	Reason for risk identification	Audit approach
Fraud - Recognition of income and expenditure	●	We consider the risk of material misstatement in relation to revenue recognition and because of the nature of local authorities we consider the risk of material misstatement in relation to expenditure recognition as well. There is a risk that the Council could adopt accounting policies or treat income and expenditure transactions in such as way as to lead to material misstatement in the reported income and expenditure position. Due to their nature, we do not consider the receipt of council tax, national non domestic rates, housing rent, financing income or revenue support grant to be a significant risk and these income streams are therefore excluded from this category. The Council is likely to be experiencing increased pressures on many of its budgets as a result of the recent economic conditions. 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.	We will obtain an understanding of the controls over the key revenue and expenditure streams. We will evaluate and test the accounting policy for income and expenditure recognition to ensure that this is consistent with the requirements of the Code of Practice on Local Authority Accounting. We will also perform detailed testing of revenue and expenditure transactions, focussing on the areas we consider to be of greatest risk, including carrying out cut-off testing on expenditure at year end to ensure that expenditure has been recorded in the correct financial year. We will carry out certification of government grants in accordance with the Audit Commission's requirements, including the Housing and Council Tax Benefits return.
New financial system – Oracle E-suite	●	The Council implemented a new financial system – Oracle 12 – in April 2011. As well as the risk that that data is mapped inaccurately or incompletely from the old system to the new system, there is a risk that internal control processes may not operate effectively in the period immediately after the transition.	We will undertake the following work to address this risk: 1 Understand & evaluate the controls in place around the migration, eg. was there a project plan in place, were the appropriate migration validation tests carried out. 2 Understand the changes to and update our understanding of business process controls via walkthroughs. 3 Understand the changes to the IT environment. 4 Test the migration of data to ensure completeness and accuracy of transferred data. We will enquire of management and document the controls in place to ensure the complete and accurate transfer of data. 5 Test the opening Trial Balance (TB) on the upgraded system to ensure that it agrees to the closing TB on the old system. 6 Review Internal Audit's work in relation to the controls in the new system and consider the impact on our audit approach of any issues arising.

Risk	Significant / elevated risk	Reason for risk identification	Audit approach
Depreciation expense may not be corrected treated in the accounts	●	In the 2010/11 ISA260 report to Those Charged With Governance, we reported the Council had not applied component depreciation to assets that had been revalued or subject to capital expenditure during the year. This is an area of focus for our audit in the 2011/12 year.	We will audit the Council's approach to the application of component depreciation in the 2011/12 accounts.

Other Audit Code responsibilities risks

Risk	Significant / elevated risk	Reason for risk identification	Audit approach
Savings Plans	●	The July 2011 Cabinet report detailed a budget gap of £20.3m up to and including the 2014/15 financial year, with a savings plan of £16m. Given the current economic climate and the uncertainties regarding the impact of planned changes to the Business Rates and Benefits regimes, there is a risk that saving plans may not be robust.	We will consider the systems and processes the Council has put in place to manage effectively its financial risks and opportunities, and to secure a stable financial position. We will update our understanding of the Council's budget monitoring process. We will update our understanding of how the Council monitors the achievement of its savings plans.

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.

Housing Revenue Account Self-Financing

The Housing Revenue Account Subsidy system is to be replaced by a devolved system of council housing finance in 2013/14. The devolved system will involve each housing authority taking on a level of HRA debt determined by the Government which will generate revenue charges that, taken together with other revenue expenditure, should be supportable from rental income without need for government support.

HRA debt levels are due to be adjusted on 28 March 2012 by authorities either making a payment to the Government (to increase their existing level) or having Public Works Loan Board loans settled by the Government (to reduce their existing level). The Council is expecting to make a payment to the Secretary of State on or before 28 March 2012, to the value of £165,248,000.

The Council will need to recognise the implications of the payment in the HRA financial statements for 2011/12 and the 31 March 2012 Balance Sheet and provide relevant explanatory notes about the preparations for self-financing represented by the payment.

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.

Audit engagement team and independence

Audit engagement team	Responsibilities
Engagement Relationship Partner Julian Rickett 020 7804 0436 Julian.c.rickett@uk.pwc.com	Appointed Auditor is responsible for ensuring the audit is delivered in line with the Code of Audit Practice and ISAs. Also responsible for approving the Audit Plan, ISA (UK&I) 260 report and Annual Audit Letter, the quality of outputs and signing of opinions and conclusions.
Engagement Director Ciaran McLaughlin 020 7213 5253 Ciaran.t.mclaughlin@uk.pwc.com	Responsible for independently delivering the audit in line with the Code of Practice, including agreeing the Audit Plan, ISA (UK&I) 260 report, Annual Audit Letter and the quality of outputs. Also responsible for liaison with the Chief Executive and Members.
Senior Audit Manager: Accounts and Use of Resources Chris Hughes 020 7804 3392 Chris.hughes@uk.pwc.com	Senior Manager on the assignment responsible for overall control of the audit engagement, including the accounts work and use of resources work, ensuring delivery to timetable, and overall review of audit outputs.
Manager: Accounts Ian Kidd Mobile: 07983 703 371 Ian.m.kidd@uk.pwc.com	Manager on the assignment responsible for the control of the audit engagement, including the accounts work and use of resources work, ensuring delivery to timetable, and overall review of audit outputs.
Senior Associate: Accounts Amit Patel Mobile: 0771521 1544 Amit.m.patel@uk.pwc.com	Senior Associate on the assignment responsible for managing our accounts and work, including the audit of the statement of accounts and first point of contact during the final audit.

Our team members

It is our intention that wherever possible, our staff who work on the London Borough of Havering audit each year, develop effective relationships and gain an in depth understanding of your business. We are committed to properly controlling succession 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. We are undertaking a piece of work for management to review the controls for the key processes supported by Oracle to identify where controls are not enabled and hence those processes relying on mitigating manual activities. There are no matters in relation to this work 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.

Communications plan

ISA (UK&I) 260 (revised) 'Communication of audit matters with those charged with governance' requires auditors to plan with those charged with governance (the Audit Committee) the form and timing of communications with them. 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 Committee with the outputs of our audit.

Stage of the audit	Output	Date
Audit Planning	Audit Fee letter	April 2011
	Audit Plan	February 2012
Audit findings	**ISA (UK&I) 260 report incorporating specific reporting requirements, including:**	September 2012
	• Expected modifications to the auditors' report	
	• Uncorrected misstatements i.e. those misstatements identified as part of the audit that management have chosen not to adjust	
	• Significant deficiencies in internal control identified during the audit	
	• Views about the qualitative aspects of the entity's accounting practices and financial reporting	
	• Any significant difficulties encountered by us during the audit	
	• Summary of findings from our use of resources work to support our VFM conclusion.	
	• Matters specifically required by other ISAs (UK&I) to be communicated to those charged with governance	
	• Final draft of representation letter	
	• Any other audit matters of governance interest	
Audit reports	Financial statements including Use of Resources	September 2012
	Pension Fund Annual Report	September 2012
Other public reports	Annual audit letter A brief summary report of our work, produced for Members and to be available to the public.	November/ December 2012
	Annual certification report to those charged with governance Report detailing the value of each certified claim, details of any amendments and qualifications, certification fees charged and a discussion of issues arising, including recommendations for improvement where necessary.	February 2013

Timetable

Month/Deadline	Audit activity
29 February 2012	Review of Draft External Audit Plan by the Audit Committee
March 2012	Interim audit
July to August 2012	Statement of Accounts audit
September 2012 (date to be determined)	Final version of ISA (UK&I) 260 Report to those Charged with Governance
30 September 2012	Deadline for issue of: • Audit Opinion on the Statement of Accounts; • Value for Money Conclusion; and • Opinion on the Whole of Government Accounts return
30 November 2012 (to be confirmed)	Deadline for issue of Annual Audit Letter

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, including the Pension Fund, is £368,099.

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;
- We are able to place reliance on the work of internal audit in respect of our value for money conclusion:
- 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.

The additional risk not taken into account in the setting of the 2011/12 fee was the new financial system and the work we would need to undertake in relation to it.

As noted above on Page 8, we are undertaking a piece of work for management to review the controls for the key processes supported by Oracle to identify where controls are not enabled and hence those processes relying on mitigating manual activities. This piece of work is outside the scope of our audit fee but where possible we will seek to utilise the outcomes of the work to mitigate the quantum of any additional fees.

Our current estimate of the additional fees we will need to charge in relation to the new Oracle system is £10,000, giving a total estimated audit fee of £378,099.

The fee for grants claims in 2011/12 is estimated at £76,875. This was the fee charged in 2010/11.

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 ensure any alleged or suspected instances of fraud brought to your attention is investigated appropriately.

Conditions under which fraud may occur

Management or other employees have an incentive or are under pressure

Incentive / pressure

Opportunity	**Rationalisation/attitude**
Circumstances exist that provide opportunity – ineffective or absent control, or management ability to override controls	Culture or environment enables management to rationalise committing fraud – attitude or values of those involved, or pressure that enables them to rationalise committing a dishonest act

Your views on fraud

We enquire of the Audit Committee:

- Whether you have knowledge of fraud; actual, suspected or alleged, including those involving management?
- 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; actual, suspected or alleged?

Other engagement information

The Audit Commission appoint us as auditors to the London Borough of Havering 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.