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# *London Borough of Havering*

## Draft External Audit Plan 2012/13

Government and Public  
Sector

For the year ending 31  
March 2013

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

Ladies and Gentlemen,

We are pleased to present our Audit Plan, which shows how your key risks and issues drive our audit and summarises how we will deliver. We look forward to discussing it with you so that we can ensure we provide the highest level of service quality.

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 Ciaran McLaughlin (Engagement Director) or Chris Hughes (Engagement Senior Manager).

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

## *The purpose of this plan*

This plan:

- is required by International Standards on Auditing (ISAs);
- sets out our responsibilities as external auditor under the Audit Commission's requirements;
- gives you the opportunity to comment on our proposed audit approach and scope for the 2012/13 audit;
- records our assessment of audit risks, including fraud, and how we intend to respond to them;
- tells you about our team; and
- provides an estimate of our fees.

We ask the Audit Committee to:

- consider our proposed scope and confirm that you are comfortable with the audit risks and approach;
- consider and respond to the matters relating to fraud; and
- approve our proposed audit fees for the year.

## *Our work in 2012/13*

We will:

- audit the annual report and statutory accounts, assessing whether they provide a true and fair view;
- check compliance with International Financial Reporting Standards (IFRS);
- check compliance with the code of practice on local authority accounting;
- consider whether the disclosures in the Annual Governance Statement (AGS) are complete;
- see whether the other information in the accounts is consistent with the financial statements;
- report on the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources; and
- tell you promptly when we find anything significant during the audit, directly to management and as soon as practicable to the Audit Committee throughout the year.

We are required to report information on your accounts to the National Audit Office (NAO) which is used as part of the assurance process for compiling the Whole of Government Accounts (WGA).

## *Local government pension fund*

We will prepare a separate audit plan for work on the pension fund in order that matters relating to the pension fund audit are presented to the Pension Committee.

## ***Risk assessment***

We considered the Council's operations and assessed:

- business and audit risks that need to be addressed by our audit;
- how your control procedures mitigate these risks; and
- the extent of our financial statements and value for money work as a result.

Our risk assessment shows:

- those risks which are significant, and which therefore require special audit attention under auditing standards; and
- our response to significant and other risks, including reliance on internal and other auditors, and review agencies.

## ***Responsibilities***

Officers and members of each local authority are accountable for the stewardship of public funds. It is our responsibility to carry out an audit in accordance with the Audit Commission's Code of Audit Practice (the Code), supplemented by the Statement of Responsibilities of Auditors and of Audited Bodies. Both documents are available from the Chief Executive or the Audit Commission's website.

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.

# Risk Assessment

## Risk Assessment

We have undertaken an audit risk assessment which guides our 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 your controls. Risks to the accounts and our true and fair audit opinion are categorised as follows:

●	Significant	Risk of material misstatement in the accounts 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.
●	Normal	We perform standard audit procedures to address normal risks in any material financial statement line items.

Auditing Standards require us to include two fraud risks as Significant:

- **Management override of controls:**

*“Management is in a unique position to perpetrate fraud because of management’s ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. Although the level of risk of management override of controls will vary from entity to entity, the risk is nevertheless present in all entities. Due to the unpredictable way in which such override could occur, it is a risk of material misstatement due to fraud and thus a significant risk.”* ISA 240 paragraph 31; and

- **Revenue recognition:**

*“When identifying and assessing the risks of material misstatement due to fraud, the auditor shall, based on a presumption that there are risks of fraud in revenue recognition, evaluate which types of revenue, revenue transactions or assertions give rise to such risks.”* ISA 240 paragraph 26.

Both are considered as part of our risk assessment, as detailed below.

# Key Risks

## Financial Statements risks

Risk	Accounts audit risk	Audit approach
<p><b>Management Override of Controls</b></p> <p>In any organisation, management may be in a position to override the financial controls that are in place. A control breach of this nature may result in a material misstatement. For all of our audits, we are required to consider this as a significant risk and adapt our audit procedures accordingly.</p> <p>In your organisation, as the pressure to deliver savings increases, so does the risk of management override.</p>	<p style="text-align: center;">●</p> <p>Significant</p>	<p>We will focus our work on testing of journals and will utilise computer assisted audit techniques to do this. This will consider the level and appropriateness of manual and automated journals posted.</p>
<p><b>Revenue and Expenditure Recognition</b></p> <p>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 revenue and expenditure position.</p>	<p style="text-align: center;">●</p> <p>Significant</p>	<p>We will:</p> <ul style="list-style-type: none"> <li>• seek to place reliance on internal audit work on key income and expenditure controls;</li> <li>• evaluate the accounting policies for income and expenditure recognition;</li> <li>• test the appropriateness of journal entries and other adjustments;</li> <li>• review accounting estimates for income and expenditure, for example, provisions; and</li> <li>• reconcile your management information to the information presented in the accounts on a gross basis.</li> </ul>

Risk	Accounts audit risk	Audit approach
<p><b>Government and non-government grants</b></p> <p>In 2011/12 ISA 260 report, we reported to the Audit Committee a number of exceptions in the Council's treatment of Government and non-government grants per <i>ISA20 Accounting for Government Grants and Disclosure of Government Assistance</i>.</p> <p>The Council corrected those exceptions within the 2011/12 financial statements. However given the financial value and subjective complexity in relation to grant "conditions" this will require specific focus.</p>	<p style="text-align: center;">●</p> <p>Elevated</p>	<p>We will:</p> <ul style="list-style-type: none"> <li>• perform detailed testing of a sample of government and non-government grants to consider the Council's assessment as to whether the grants have conditions or restrictions in accordance with <i>IAS 20 Accounting for Government Grants and Disclosure of Government Assistance</i>;</li> <li>• Consider the accounting treatment within the financial statements.</li> </ul>

## Other Code responsibilities risks

Risk	Accounts audit risk	Audit approach
<p><b>Savings targets</b></p> <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 into future periods, or to miscode expenditure to make use of resources intended for different purposes.</p> <p>There is a risk that saving plans may not be robust and the Council is unable to demonstrate that it has achieved value of money in its use of resources.</p>	<p style="text-align: center;">●</p> <p>Elevated</p>	<p>We will:</p> <ul style="list-style-type: none"> <li>• review the Council's budget monitoring process to identify any areas of concern. We will also bear these risks in mind when carrying out cut-off testing;</li> <li>• consider the accounting implications of any saving 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; and</li> <li>• consider the impact of the Local Government Finance Settlement (LGFS) on the Council's budget and future service provision.</li> </ul>



# ***Audit approach***

## ***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
- Use of Resources.

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

## ***Accounts***

Our audit of your accounts is carried out in accordance with the Audit Commission's Code objective, which requires us to comply with International Standards on Auditing (ISAs) (UK & Ireland) issued by the Auditing Practices Board (APB). We are required to comply with them for the audit of your 2012/13 accounts.

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, 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.

## ***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 consideration of the amount and nature of transactions.

Our audit approach is based on an 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.

Materiality is another factor which helps us to determine our audit approach. Materiality is more than just a quantitative concept. Judgements about materiality are subjective and may change during the course of the engagement. The judgements about materiality are often implicit, and will be reflected in our assessments of risk and our decisions about which business units or locations, account balances, disclosures and other items are of greater or lesser significance.

We identify and assess the risks of material misstatement at two levels: the overall financial statement level; and in relation to financial statement assertions for classes of transactions, account balances and disclosures. Specifically, under our integrated audit methodology, we are required to identify three quantitative materiality thresholds as set out in the table below.

These help us to plan the nature, timing and extent of our work and to evaluate the significance of any unadjusted differences identified from our audit procedures.

<i>Type of materiality</i>	<i>What is it used for?</i>
Overall materiality	Overall materiality represents the level at which we would consider qualifying our audit opinion.
Planning materiality	This is the level to which we plan our audit work and identify significant accounts.
De minimis threshold	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 £500,000 as being clearly trivial. We will include a summary of any uncorrected misstatements identified during our audit in our year-end ISA (UK&I) 260 report.

### ***Use of Resources***

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.

In accordance with recent guidance issued by the Audit Commission, in 2012/13 our conclusion will be based on two criteria:

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

We will be carrying out sufficient work to allow us to reach a conclusion on your arrangements based on your circumstances.

### ***Internal Audit***

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.

# 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

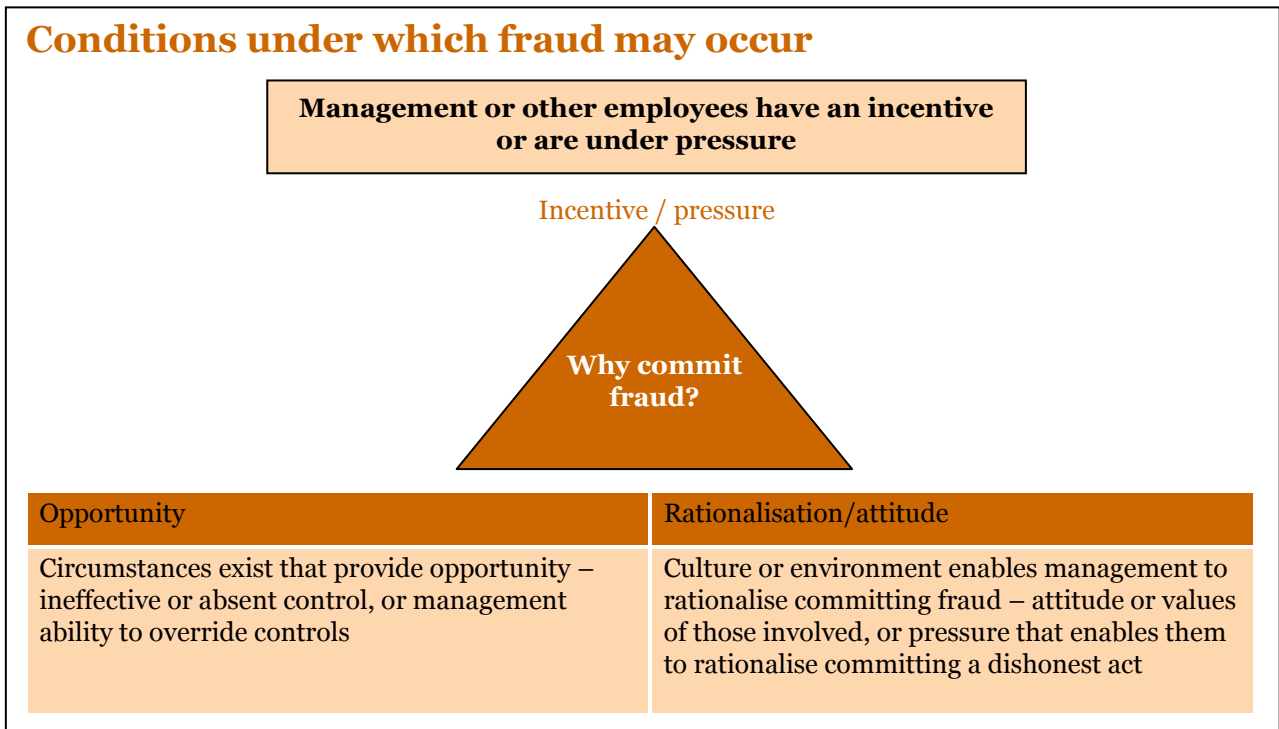
Management’s responsibilities in relation to fraud are:

- 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 antifraud measures and creation of appropriate “tone at the top”; and
- to investigate any alleged or suspected instances of fraud brought to your attention.



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## ***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?

# Audit engagement team and independence

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

Audit Team	Responsibilities
<p><b>Engagement Leader</b> Julian Rickett 3rd year on the audit 020 7804 0436 Julian.c.rickett@uk.pwc.com</p>	<p>Engagement Leader responsible for independently delivering the audit in line with the Code of Audit Practice, including agreeing the Audit Plan, ISA (UK&amp;I) 260 report and Annual Audit Letter, the quality of outputs and signing of opinions and conclusions. Also responsible for liaison with the Chief Executive and Members as appropriate.</p>
<p><b>Engagement Director</b> Ciaran McLaughlin 5th year on the audit 020 7213 5253 Ciaran.t.mclaughlin@uk.pwc.com</p>	<p>Responsible for independently delivering the audit in line with the Code of Practice, including agreeing the Audit Plan, ISA (UK&amp;I) 260 report, Annual Audit Letter and the quality of outputs. Also responsible for liaison with the Chief Executive and Members as appropriate.</p>
<p><b>Engagement Senior Manager: Accounts and Use of Resources</b> Chris Hughes 3rd year on the audit 020 7804 3392 Chris.hughes@uk.pwc.com</p>	<p>Senior Manager on the assignment 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, ISA (UK&amp;I) 260 report and Annual Audit Letter.</p>
<p><b>Engagement Manager: Accounts and Use of Resources</b> Amit Patel 2nd year on the audit Mobile: 0771521 1544 amit.m.patel@uk.pwc.com</p>	<p>Manager responsible for managing our accounts work, including the audit of the statement of accounts, and governance aspects of the VFM conclusion work. Preparation of the Audit Plan, ISA (UK&amp;I) 260 report and Annual Audit Letter. The Engagement Manager will be the first point of call during the interim and final audit.</p>

## Our team members

It is our intention that, wherever possible, staff work on the London Borough of Havering audit each year, developing effective relationships and 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

As external auditors of the Authority we are required to be independent of the Authority in accordance with the Ethical Standards established by the Auditing Practices Board (APB). These standards require that we disclose to those charged with governance all relationships that, in our professional judgement, may reasonably be thought to bear on our independence.

We have a demanding approach to quality assurance which is supported by a comprehensive programme of internal quality control reviews in all offices in the UK. Our quality control procedures are designed to ensure that we meet the requirements of our clients and also the regulators and the appropriate auditing standards within the markets that we operate. We also place great emphasis on obtaining regular formal and informal feedback.

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 London Borough of Havering, 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 (revised) ‘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. ‘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. Below are the dates when we expect to provide the Audit Committee with the outputs of our audit.

Stage of the audit	Output	Date
<b>Audit planning</b>	Audit Planning Letter	February 2013
	Audit Plan	February 2013
<b>Audit Findings</b>	<p><b>ISA (UK&amp;I) 260 report incorporating specific reporting requirements, including:</b></p> <ul style="list-style-type: none"> <li>• Any expected modifications to the audit report;</li> <li>• Uncorrected misstatements, i.e. those misstatements identified as part of the audit that management have chosen not to adjust;</li> <li>• Material weaknesses in the accounting and internal control systems identified as part of the audit;</li> <li>• Our views about significant qualitative aspects of your accounting practices including accounting policies, accounting estimates and financial statements disclosures;</li> <li>• Any significant difficulties encountered by us during the audit;</li> <li>• Any significant matters discussed, or subject to correspondence with, Management;</li> <li>• Any other significant matters relevant to the financial reporting process; and</li> <li>• Summary of findings from our use of resources audit work to support our value for money conclusion</li> </ul>	September 2013
<b>Audit reports</b>	Financial Statements including Use of Resources	September 2013
	Pension Fund Annual Report	September 2013
<b>Other public reports</b>	<p><b>Annual Audit Letter</b></p> <p>A brief summary report of our work, produced for Members and to be available to the public.</p>	October 2013
	<p><b>Annual certification report to those charged with governance</b></p> <p>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.</p>	January 2014

# Timetable

<i>Month/Deadline</i>	<i>Audit activity</i>
28 February 2013	Review of Draft External Audit Plan by the Audit Committee
28 February 2013	Interim audit begins
July to August 2013	Statement of Accounts audit
30 September 2013	Deadline for issue of: <ul style="list-style-type: none"> <li>• Audit Opinion on the Statement of Accounts;</li> <li>• Value for Money Conclusion; and</li> <li>• Opinion on the Whole of Government Accounts return</li> </ul>
September 2013 (date to be confirmed)	Planned date for issue of final version of ISA (UK&I) 260 Report to those Charged with Governance
30 November 2013	Deadline for issue of Annual Audit Letter



# Audit fees

The Audit Commission has provided indicative audit fee levels for the 2012/13 financial year. The base fee scale for your audit is £199,859 (excluding VAT) compared to the outturn fee of £343,099 for 2011/12. The base scale fee does not include the fee for the audit of the pension fund which is subject to a separate plan. The fee for 2011/12 is not directly comparable with the 2012/13 fee as it included a mandatory recharge payable to the Audit Commission that is no longer required to be made.

The fee is broken down as follows:

	Planned 2012/13 £	Outturn fee 2011/12 £
Financial statements, local value for money conclusion (including risk based audit work), and Whole of Government Accounts	202,359	343,099
Pension fund audit	21,000	35,000
Certification of claims and returns	34,000	70,000
<b>Total fee</b>	<b>257,359</b>	<b>448,099</b>

We reported to the Audit Committee in our 2011/12 Audit Report;

- the Council was unable to separately identify accrual estimates from routine transactions. We understand the Council is still unable to separately identify accrual balances in 2012/13 financial year. As such this will require us to perform additional audit procedures to gain sufficient comfort in this area. The costs of additional procedures are estimated to be £2500 which has been included in the total fee.
- Additionally we reported the Council was unable to perform monthly payroll reconciliations between the payroll system and the main accounting Oracle R12 system. From discussion with management we understand the control deficiency has not yet been resolved and a year-end payroll reconciliation will be produced for the purpose of the 2012/13 audit. Large reconciling items in the year end payroll reconciliation would require the audit team to perform additional audit procedures to gain comfort around the completeness and accuracy of the reconciliation, this would result in additional fees which have not been included in the total fee above. Where PwC will be required to perform additional audit procedures this will be discussed with the Council officers.

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, where planned, upon the work of internal audit;
- Agreeing the availability of staff whilst we are on site. Ensuring that staff are briefed so that they can pick up queries on work done by team members when the team members are not available;
- Discussing any unusual, new or complex transactions with us as they occur so that we can understand the detail and agree the necessary accounting treatment. Bringing unusual or potentially contentious items in the accounts to our attention as soon as possible;
- Providing us with named contacts for audit queries and for responding within an agreed timescale; Transaction listings are sufficiently detailed and are available to allow early sample testing to be carried out by the audit team;
- Evidence provided in relation to audit sample requests and answers provided to audit queries have been reviewed internally reviewed by the Council;

- Delays in producing the financial statements or missing and incomplete working papers are communicated to us two weeks before the start of the final audit;
- We are able to draw comfort from your management controls;
- Our use of resources conclusion and accounts opinion being unqualified;
- No significant changes being made by the Audit Commission to the use of resources criteria on which our conclusion will be based.

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

Should PwC be required to answer a formal question or objection raised by a local elector, the costs associated with that work would be additional to the fee quoted above.

### ***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. We will discuss and agree this with the Group Director of Finance and Commerce and his team.

# *Other engagement information*

The Audit Commission appoint us as auditors to 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, NE1 8HW, or James Chalmers, UK Head of Assurance, at our office at 7 More London, Riverside, London, SE1 2RT.

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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 (revised) 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 London Borough of Havering 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. London Borough of Havering agrees to pay due regard to any representations which PwC may make in connection with such disclosure and London Borough of Havering shall apply any relevant exemptions which may exist under the Act to such report. If, following consultation with PwC, London Borough of Havering 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 London Borough of Havering in accordance with the Statement of Responsibilities of Auditors and of Audited Bodies (Local Government) 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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