

Brent Council 2005/06 Audit and Inspection Plan - DRAFT



Performance and Finance Select Committee
Brent Council
Brent Town Hall
Forty Lane
Wembley
Middlesex HA9 9HD

March 2005

Ladies and Gentlemen

DRAFT Audit Plan 2005/06

We are pleased to present our Audit and Inspection Plan for 2005/06, which includes an analysis of key risks, our audit strategy, inspection activity, reporting and audit timetable and other matters we consider to be relevant to you. Discussion of our plan with you ensures that we understand your concerns and that we agree on mutual needs and expectations to provide you with the highest level of service quality. Our approach is responsive to the many changes affecting Brent Council.

Yours faithfully

PricewaterhouseCoopers LLP

Audit Commission Relationship Manager

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In April 2000 the Audit Commission issued a revised version of the Statement of Responsibilities of Auditors and 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. This statement is currently under further revision by the Audit Commission to reflect the new Code of Audit Practice applicable from 1 April 2005.

Our reports and management letters are prepared in the context of this statement and / or any subsequent revision to the 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 and Inspection Plan (our Plan) has been prepared to inform the officers and members of Brent Council about our responsibilities as your external auditors and how we plan to discharge them. It includes the inspection work that will be delivered during 2005/06. Every local authority 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 Brent Council and the local government sector, we note the recent key developments outlined below. Our Plan has been developed to consider the impact of these developments.

Key Risks

- Performance Improvement
- Systems issues
- Medium term financial strategy
- The Wembley development and new civic centre
- Revenues and benefits

- Single status
- Efficiency savings
- Risk management
- Insurance arrangements
- E-Government
- Freedom of Information
- Prudential Framework for Capital Expenditure
- Private Finance Initiative
- Early Closing and Whole of Government Accounts
- Group Accounts
- Unification of the Education directorate and children's components of the Social Services directorate
- Building Schools for the Future
- Schools capacity
- Connexions
- Youth Offending Teams
- Social services financial pressures
- Health partnerships

- Data Quality (Social Services)
- Systems (Social Services)
- South Kilburn NDC
- Stonebridge HAT
- Sports and Leisure
- Parking Contract
- Waste and Recycling
- Licensing Act

The Plan has been discussed and agreed with the Council's Relationship Manager and the key activities have been incorporated within the Council's Joint Audit and Inspection Plan.

2004/2005 Accounts Plan update

We provide you with details of our plans for the audit at the beginning of the financial year. This Plan therefore outlines the business risks and audit approach for 2005/06, including the 2005/06 final accounts audit which we will undertake in summer 2006.

We understand that the environment you operate in is dynamic. Therefore within this Plan we provide an update of our plans for the 2004/05 accounts audit, which we originally outlined in our 2004/05 Plan and will undertake this coming summer.

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

Our Responsibilities

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 has been revised with effect for the 2005/06 audit year. This is supported by the Statement of Responsibilities of Auditors and Audited Bodies (the Statement). Both documents are 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 audit letters are prepared in the context of this Statement and in accordance with the Code. 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.

New Code of Audit Practice

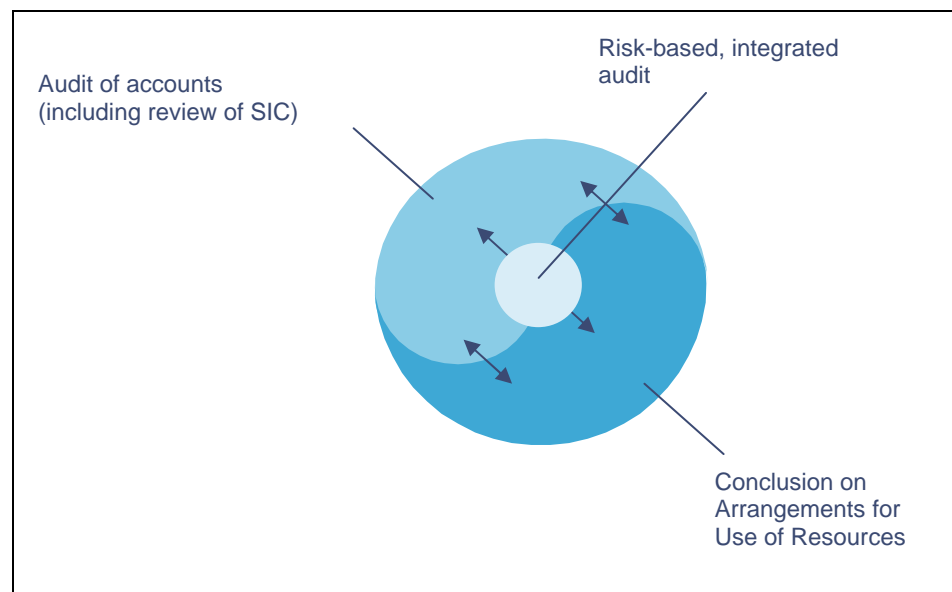
The Audit Commission has issued a new Code of Audit Practice that is applicable from the 2005/06 financial year.

There are now two objectives to our work under the new Code:

- Accounts including a review of the Statement of Internal Control (SIC); and

- Use of Resources.

This is illustrated in the diagram below:



Within the Use of Resources objective, we are now required to confirm that we are satisfied that proper arrangements have been made by the Council for securing economy, efficiency and effectiveness in the use of resources. This conclusion will be based on supporting criteria, outside the Code, which will be published and updated as necessary by the Audit Commission.

We will subsequently issue a new two part audit report at the end of our accounts audit for 2005/06, including the following aspects:

- Part A: Financial Statements 'presents fairly' opinion
- Part B: Any report, by exception, on:
 - The Statement of Internal Control;
 - Any matters that prevent the auditor from being satisfied that the audited body has put in place proper arrangements for securing economy, efficiency and effectiveness in the use of resources;
 - Any matters that prevent the auditor from concluding that the best value performance plan (BVPP) has been prepared and published in accordance with the relevant requirements; and
 - Any other exercise of powers in relation to the BVPP under the Local Government Act 1999

We provide a more detailed summary of the main changes from the previous Code in Appendix A to this Plan and will provide further guidance to the Performance and Finance Select Committee during the year on what the new Code means in practice for our work at the Council.

Key business and audit risks

Planning of our audit

To determine the nature and extent of the audit work required we have considered each area of operations and assessed the extent that we believe there are potential business and audit risks that relate to one of our Code objectives. We have then considered our understanding of how management's control procedures mitigate these risks. Based on this assessment we have scoped our core work in each of these areas.

It is the responsibility of the Council to identify and address its 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 consider and assess the significant operational and financial risks that are relevant to our responsibilities under the Code. 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 the circumstances of the Council. It is not designed to identify all risks affecting the operations of the Council or all internal control weaknesses.

This Plan details those areas which we consider to be high risk and includes our response to those risks. Our response also explains where we are intending to rely upon internal controls, the work of inspectors and other review agencies and the work of internal audit, if applicable.

Financial Statements audit

Our financial statements audit is carried out in accordance with our Accounts Code objective, which requires us to comply with auditing standards. We are required to adopt International Standards of Auditing (ISAs) for the first time in our financial statements audit for 2005/06. We plan and perform our audit to be able to provide reasonable assurance that the financial statements are free from material misstatement and present fairly the financial transactions and position of the Council. The assessment of what is material is a matter of professional judgement and includes consideration of both the amount and nature of transactions.

As outlined in our introduction, we are using this Plan to update you on the main issues that will impact upon our 2004/05 accounts audit. Therefore, where the identified risks relate to our Accounts Code objective, we have also specified whether this issues is applicable for 2004/05 or 2005/06.

The adoption of ISAs in 2005/06 means that work previously undertaken as part of our Financial Aspects of Corporate Governance Code objective will now be undertaken as part of our audit of the financial statements. In particular, specific procedures will be carried out in respect of fraud and corruption, laws and regulation and going concern/financial standing.

Use of Resources audit

Our Use of Resources audit objective requires us to carry out sufficient and relevant audit work in order to form a conclusion on whether the Council has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources. In meeting this responsibility we review and, where appropriate, examine evidence that is relevant to the audited body's corporate performance management and financial management arrangements and report on these arrangements. We also have a responsibility to consider, and report on, the Council's compliance with statutory requirements in respect of the preparation and publication of its best value performance plan.

Our conclusion on proper arrangements to secure economy, efficiency and effectiveness in the use of resources will be based on a number of criteria specified by the Audit Commission. When forming our conclusion we will seek to rely on:

- Any self assessment performed by the Council against the criteria
- Internal control mechanisms in place at the Council;
- 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.

We will discuss the criteria on which our conclusion will be based with the Council when they are finalised by the Audit Commission.

Our conclusion will be issued as part of the audit opinion and report on the 2005/06 financial statements of the Council.

Mandatory work

In 2005/06 we will also be required to carry out mandatory work at the Council in respect of the Comprehensive Performance Assessment In respect of the use of resources

The use of resources assessment is a key part of the Comprehensive Performance Assessment and will be conducted in all councils, including district councils. It involves judgments on financial planning and management, internal controls, and financial standing. It will also provide a value for money (VFM) judgment drawing on a self-assessment by the Council. It focuses on the importance of having sound and strategic financial management to ensure that resources are available to support the council's priorities and improve services.

The work required for the use of resources judgment will be based on annual audit work. The Audit Commission will define the scope and methodology for the work required to form the use of resources assessment and the links between this judgement and the work to support our conclusion on proper arrangements to secure economy, efficiency and effectiveness in the use of resources.

We will discuss the key lines of enquiry on which our judgement will be based with the Council when they are finalised by the Audit Commission.

We anticipate that we will be required to carry out our assessment in autumn this year to support the Audit Commission's annual CPA reports.

The Relationship Manager's role will include the following:

- Direction of travel assessment– assessment of the Council's progress in achieving continuous improvement; and
- Relationship management – liaison with the Council, auditor, other inspectorate and government departments.

Comprehensive Performance Assessment (CPA) 2005

CPA has had and continues to have a significant impact on local government. CPA now needs to be refined and updated, in line with the Commission's principles of Strategic Regulation. The Commission is now making proposals for CPA 2005 to put these principles into practice. Details of the approach can be found at www.audit-commission.gov.uk. Consultation ended on 18 February 2005 and the Audit Commission is currently reviewing the consultation responses. The

Council is currently scheduled to have a corporate assessment inspection January – March 2006.

Direction of travel statements – reporting on progress of improvement

Many stakeholders have identified the importance of attaching a clear “direction of travel” label to the overall CPA category to indicate the progress being made towards achieving improvement. This is particularly important for those councils that may have to wait until the end of the corporate assessment programme to have that judgement renewed. In 2005, direction of travel statements will be prepared for all councils by the Audit Commission. The statements will draw on the same framework used for corporate assessments to provide a way of tracking progress within the core themes of ambition, prioritisation, capacity and performance management as well as in achievement of outcomes.

The proposal is to introduce a set of direction of travel labels to accompany the CPA category. The Audit Commission will continue to include direction of travel statements within annual audit and inspection letters and a summary of the findings will continue to be included in CPA scorecards. The statements will be a way to track and report on councils’ progress against their improvement priorities.

The statements will continue to be prepared by the Commission’s Relationship Manager in consultation with others, including the appointed auditor and other regulators. The Relationship Manager will draw on evidence from a number of sources including:

- the relationship manager’s discussions with the Council;
- performance information and other relevant data, including information from other bodies, where appropriate;
- available audit and inspection reports and annual performance assessments;
- relevant self-assessment information prepared by the Council – using existing information to ensure that authorities are not asked to duplicate material; and
- other relevant council documents.

Inspections

The inspection process has to comply with the statutory requirements governing it, and in particular the Local Government Act 1999 with regard to Best Value inspection.

Following the Council’s classification as “good” in the December 2004 CPA update, we have applied the principles of strategic regulation. As a consequence no Audit Commission service inspections will be carried out in 2005/06.

Risk assessment results

The following table summarise the results of our overall risk assessment in respect of our Code responsibilities in terms of the significant financial and operational risks facing the Council and our planned response.

Business risks	Audit approach for 2005/06	Update for 2004/05 Audit Plan
Corporate		
<p><u>Performance Improvement</u></p> <p>The Council has is rated CPA “Good” and has a strategy for moving to “Excellent” by December 2006.</p> <p>Officer/member panels were set up to focus on services with identified performance issues - including revenues and benefits, waste and recycling and sport - and a Brent performance fund was established to fund creative projects designed to improve performance. The Council’s Performance & Finance Select Committee also plays an increasingly important role in addressing aspects of weak performance.</p>	<p><i>We will continue to monitor the Council’s progress on addressing areas of previously identified weakness as part of our work on the accounts and the use of resources. Further comments are provided on affected areas below.</i></p>	<p>No change</p>
<p><u>Systems Issues</u></p> <p>The Council’s systems are run from three platforms (Unity, Oracle and Epicor). 2005/06 will be a crucial year for the Council in developing its financial systems. The action plans arising from the task groups will need to be swiftly implemented to ensure that the Council is well placed to meet the earlier deadlines for accounts production and for us to be able to adopt a more efficient systems-based audit approach.</p>	<p><i>We intend to work towards a systems based audit approach, once systems are sufficiently developed.</i></p> <p><i>A largely substantive approach is likely to be required in the interim, with a change in the level of work required from internal audit having been agreed for 2004/05 with the Director of Finance.</i></p> <p><i>We will continue to discuss how our specialist staff can best assist the Council in its systems initiatives. With the Director of Finance and the Director of Corporate Services.</i></p>	<p><i>We agreed with key finance staff and internal audit to follow a largely substantive approach for 2004/05, which will vary slightly for each department depending on local factors. Internal audit will have a reduced role in this process, which is likely to have some impact on our audit fee.</i></p>
<p><u>Medium Term Financial Strategy</u></p> <p>Members began planning for the 2005/06 budget at the July 2004 away days. Since then, the various growth bids have been prioritised and in some cases, refined in order to contain the proposed Council Tax increase within the parameter agreed by the Cabinet. However, the Council has shown in recent times that its risk-based strategy to manage and replenish its revenue reserves has prevented further deterioration of working balances.</p>	<p><i>As part of our Code objective to monitor the Council’s financial standing, we will review the Council’s Medium Term Financial Strategy and assess the extent to which the linkages between priorities and resources have been demonstrated.</i></p>	<p>No change</p>

<p><u>The Wembley Development and new Civic Centre</u></p> <p>The Council produced an interim accommodation strategy covering the next 6-8 years pending development of a new state-of-the art civic centre in Wembley. Advisors have been appointed to oversee land and property issues (Donaldsons) and financial modelling (Deloitte).</p> <p>Debt finance is likely to be the method chosen to finance the new civic centre, but Brent has yet to speak to the developer (Quintain) and a quasi PFI deal cannot be ruled out at this stage.</p> <p>A favourable section 106 has been negotiated with Quintain. There is a joint venture on the provision of jobs side and questions regarding packaging of initiatives that have still to be resolved. There are also some minor planning problems that are proving to be obstructive (Wembley Triangle demolitions).</p>	<p><i>Given the scale of the Wembley Stadium development, we will continue to review the governance and use of resources aspects of any components of the project directly impacting upon the Council's accounts.</i></p> <p><i>Our role on the accommodation/civic centre project is to act as 'critical friend'. Our specialist corporate property staff have already commenced liaising with the Chief Executive and his team in this respect.</i></p>	<p><i>Not included in the 2004/05 Plan</i></p>
<p><u>Revenues and benefits</u></p> <p>This service is improving, but performance continues to be monitored by the Policy and Regeneration team. The implementation of the Verification Framework is a key issue for the service.</p>	<p><i>We intend to perform a targeted review in this area. Our work will address the extent to which the Verification Framework has been implemented.</i></p>	<p><i>Brought forward from prior year programme.</i></p>
<p><u>Single status</u></p> <p>Councils will be obliged to complete and implement a Local Pay Review by 31 March 2007. Both sides will need to enter into negotiations with a view to reaching an agreement on new local pay structures and systems by April 2006. Brent will need to be clear how the new local structures will operate in detail by this date, for example where individual jobs will fit within the new structure. A failure to agree by April 2006 may mean that any outstanding issues will be referred to an assisted bargaining process where an external third party will be brought in to assist the parties in reaching an agreement.</p> <p>Human resources remains a risk for the Council to resolve and subject to regular high level monitoring. A forthcoming inspection may act as an important catalyst for change.</p>	<p><i>We will continue to review/ consider developments in this area.</i></p>	<p><i>Not included in the 2004/05 Plan</i></p>
<p><u>Efficiency savings</u></p> <p>The Gershon agenda has raised expectations of efficiencies and savings. In response to this, the Council will be required to prepare an annual efficiency statement and half yearly updates.</p> <p>The inherent challenges of delivering recurring, cashable efficiencies will have to be managed. The Director of Finance and the Deputy Director of Finance sit on an efficiency board. There are 5 sub groups, which look at potential savings in the following areas:</p>	<p><i>Our work is likely to form part of the 2006/07 audit, although we expect to look at systems and comparatives in 2005/06. This could include specialist input, where appropriate.</i></p>	<p><i>Not included in 2004/05 plan.</i></p>

<ul style="list-style-type: none"> • Procurement • Support Services • Transaction Services • People • Schools <p>This group has a remit to evaluate the potential for trading. Articles (such as Public Finance 21 January 2005) indicate that few Councils are exercising their powers under sections 93 & 95. Brent Housing Partnership (the ALMO) is better placed than the Council to trade and has made some progress.</p>		
<p><u>Risk Management</u></p> <p>The Council has developed its approach to risk management by focusing on the risks facing the organisation both corporately and within Directorates and taking initial steps towards embedding risk management as a key management tool in medium and long term planning. Risk assessment has been incorporated into the service planning processes and the outputs of these assessments are the basis of a council wide risk register. However this process has yet to be fully embedded across all council departments.</p>	<p><i>We will discuss the progress of the Council's risk management agenda with officers, placing reliance on the work of internal audit where relevant.</i></p> <p><i>In addition we will review of the Council's Statement on Internal Control, in line with our audit responsibilities.</i></p>	<p><i>No change</i></p>
<p><u>Insurance arrangements</u></p> <p>The Council spends approximately £1.5m on insurance cover each year. We raised some recommendations for improving the Council's insurance arrangements as part of a high level review which we performed last year.</p>	<p><i>We are currently undertaking a review which will assess in greater detail the value for money offered from the Council's current arrangements with its key insurance provider Zurich Municipal.</i></p>	<p><i>Not included in the 2004/05 Plan</i></p>
<p><u>E-Government</u></p> <p>A cornerstone of the Government's e-government policy is the commitment that 100% of dealings capable of electronic delivery should be provided electronically by December 2005. Progress towards the 2005 target has required a step change in the rate at which services and transactions are offered in electronic forms, including transactions between councils and citizens, and between councils and businesses. The Government has issued guidance on priorities (April 2004) with specific outcomes targeted for the end of 2005.</p> <p>In addition to perpetuating ineffective working, failure to meet targets may result in loss of Government grants.</p>	<p><i>Dependent upon Council's progress to date and work still needing to be done</i></p>	<p><i>No change</i></p>
<p><u>Freedom of Information (FoI)</u></p>		

<p>Although the provisions of the Freedom of Information Act 2000 allowing the public to request information came into effect on 1 January 2005, authorities will be refining their Fol arrangements during 2005/06 for:</p> <ul style="list-style-type: none"> • dealing with requests • ensuring compliance by partner organisations • monitoring and updating the publication scheme • auditing archived information. <p>Ineffective implementation of Fol introduces risk of loss arising from inefficient processes for dealing with requests and from legal action where the Council fails to comply with the 2000 Act.</p>	<p><i>The Council had received some 90 enquiries by March 2005 and has a system in place for tracking them. We will liaise with the Borough Solicitor and only undertake work arising from excessive volume or complexity of enquiries received.</i></p>	<p><i>Not included in the 2004/05 Plan – preliminary work on the Council's preparations to be carried out during the 2004/05 audit.</i></p>
<p><u>Prudential Framework for Capital Expenditure</u></p> <p>The Prudential Framework was introduced on 1 April 2004, but authorities have adopted an incremental approach to taking up all the freedoms and flexibilities that it offers for the delivery of services and capital investment. It is likely that the Council will continue to develop arrangements to manage the new risks introduced and take advantage of the new opportunities offered by the Framework throughout 2005/06.</p> <p>In particular, the Council will be considering the effectiveness of its controls over expenditure and borrowing after the first year of the Framework and developing/extending plans for prudential borrowing.</p> <p>Where prudential borrowing is planned, the Council needs to be assured that this is based on robust projections of affordability.</p>	<p><i>Continuing review of the Council's progress in implementing the Prudential Framework and developing the Council's processes for delivering an effective capital strategy.</i></p> <p><i>Review of management of position against limits and indicators throughout 2005/06.</i></p> <p><i>Review of major expenditure/borrowing decisions taken in 2005/06.</i></p>	<p><i>No change</i></p>
<p><u>PFI</u></p> <p>The Council signed the Willesden PFI in March 2005. The other scheme is the Affordable Housing PFI, which is expected to reach financial close in 2006/07. With all PFI schemes there are risks that:</p> <ul style="list-style-type: none"> •The procurement process will not be managed effectively •The arrangements will not satisfy statutory requirements •Value for money will not be achieved •In partnership arrangements, management does not have sufficient influence or has failed to secure sufficient risk transfer •Financial standing will be compromised as governance arrangements are not in place. 	<p><i>We expect to have to issue our standard letter on the Affordable Housing PFI scheme late in 2005.</i></p>	<p><i>No change</i></p>
<p><u>Early Closing and Whole of Government Accounts</u></p> <p>HM Treasury has confirmed an intention that local authorities will participate in a second</p>	<p><i>Review of Council's preparations for bringing</i></p>	<p><i>Confirmed no audit</i></p>

<p>dry run for WGA in relation to 2005/06. The dry run will concentrate on testing arrangements for full audited WGA in 2006/07. Together with a requirement for the approval (30 June) and publication (30 September) of the accounts to be brought forward by another month in 2005/06, new and/or stronger pressures will be applied to the Council's framework for preparing the statement of accounts.</p> <p>A Treasury/ODPM letter of 22 November 2004 confirms that returns prepared for the 2005/06 dry run will be subject to audit. Amounts for the additional audit costs have been included in the 2004 Spending Review settlement.</p>	<p><i>forward its accounts preparation and publication dates.</i></p> <p><i>Analysis of any risks that might be introduced by new arrangements for earlier closing.</i></p> <p><i>Certification of the Council's returns for the 2005/06 WGA dry run.</i></p>	<p><i>involvement in 2004/05 dry run – no change to planned work.</i></p>
<p><u>Group Accounts</u></p> <p>The 2004 SORP contains new provisions that require authorities with material interests in other entities to prepare group accounts from 2005/06 (including full comparative figures for 2004/05), consolidating the financial performance of subsidiaries, associates and joint ventures.</p> <p>The Council will need to carry out substantial work to identify the entities that are within its group, mobilise those entities to provide the required consolidation information in good time and compile the group accounts by 30 June 2006.</p>	<p><i>Review the Council's preparations for group accounts and progress in collecting the necessary information.</i></p> <p><i>Audit of the completed accounts.</i></p>	<p><i>Proposals for the 2004 SORP suggested that the new requirements would be introduced for the 2004/05 statement of accounts. Publication in 2004/05 is now voluntary, although 2004/05 figures will still be needed for publication in 2005/06. We will therefore review the Council's preparations during the 2004/05 audit.</i></p>
<p>Human Resources</p>		
<p><u>Council restructuring due to Children's Services changes.</u></p> <p>There is a risk that the restructuring process may leave some gaps in HR support at service levels once existing HR posts have been restructured to align to the new services/ departments.</p>	<p><i>We will review the council's restructuring proposals when published and assess the implications for HR support.</i></p>	
<p><u>Single Status / Payroll System</u></p> <p>The Council is making slow progress towards single status. Much of the data held on the payroll is not designed for the purpose of providing meaningful management information</p>	<p><i>We will endeavour to pick up some of these issues in our payroll testing and to continue to review the progress that officers are making in implementing</i></p>	

<p>to assist the move towards single status. Some of it is also out of date and in many cases, requires a refresh. Furthermore, there are issues around access to management information reports from the payroll software provider ITNet.</p> <p>The new HR management information system is not yet linked to the payroll system which creates difficulties when trying to reconcile information on staff across the two systems.</p>	<p><i>single status.</i></p>	
<p><u>HR Information System</u></p> <p>The HR information system has now been rolled out to all service units, however there are some issues about the varying skills of the staff responsible for administering and maintaining the database at an operational level.</p> <p>All information on sickness absence should be entered onto the system, but some service areas are not making full use of the system and are still relying on manual / standalone systems for collecting this information.</p>	<p><i>We will review the robustness of the council's processes for recording sickness absence information as part of our audit of BVPIs.</i></p>	
<p>Education</p>		
<p><u>Unification of the Education Directorate and Children's components of the Social Services Directorate</u></p> <p>During 2005/06, authorities with responsibilities for education and social services must:</p> <ul style="list-style-type: none"> • make arrangements to promote co-operation with partner organisations in areas of crime, justice, health, education and careers • prepare a Children and young People's Plan for implementation on 1 April 2006 <p>Closer working between education and social services within the Council and the wider participation in partnerships will present the Council with new challenges in corporate governance and financial management, in addition to the expense of budgeting for the changes.</p>	<p><i>Review of the Council's restructuring proposals, which are to go live in July 2005. These will include measures proposed for governance and accountability in its internal and external arrangements for partnership, schemes for financial management and pooled budgets, and preparations for performance management.</i></p> <p><i>Use of the LGA/IdeA/Audit Commission diagnostic "fit for purpose" tool to be considered with the Council.</i></p>	<p><i>No change</i></p>
<p><u>Building Schools for the Future</u></p> <p>The Council has been informed that it will be included in Wave C of the Building Schools for the Future programme, delaying activity until 2009/10. This could impact on capacity, as well as the Council's capital programme, requiring it to revisit its construction priorities.</p> <p>The John Kelly schools (Dollis Hill) have to be rebuilt. Land to extend is now available, but this has to be purchased at £4.5m and there is no provision in the capital programme for this purchase. The Council is pressing the Government for additional funds to meet the</p>	<p><i>We will monitor the Council's response to identified risks.</i></p>	<p><i>Not included in the 2004/05 Plan</i></p>

<p>cost of the rebuild (through the Targeted Capital Fund). If these funds are not available, interim work - pending availability of BSF money - will need to be carried out at the schools. Provision of £1.3m has been made within the capital programme for this interim work.</p>		
<p><u>Schools' capacity</u></p> <p>There is a shortage of primary and secondary capacity in the education sector. The growth in Wembley (8,000 homes) will add to this burden and indeed, most of the shortfall is already in that area. The funding of a new school in Wembley is being discussed. There will also be some extensions of existing schools.</p>	<p><i>We will monitor developments in this area.</i></p>	<p><i>Not included in the 2004/05 Plan</i></p>
<p><u>Connexions</u></p> <p>The Council took over the provision of this service (for provision of guidance services for younger people), on behalf of 6 boroughs in West London, in October 2004. There is an acknowledged need to overhaul management information systems – this will feed into the Children's Agenda.</p> <p>Although this represents additional work, the Council received funding in the region of £300k in respect of its extra responsibilities.</p>	<p><i>We will verify the assets, liabilities and balances transferring to the Council.</i></p> <p><i>We may have to undertake work on behalf of other Councils.</i></p>	<p><i>Not included in the 2004/05 Plan</i></p>
<p>Social Services</p>		
<p>The unification of children's components of the Social Services Directorate with the Education Directorate is referred to in the Education section, above.</p>		
<p><u>Youth Offending Teams</u></p> <p>Some areas for development were identified as part of the review we performed on behalf of the Audit Commission in 2004. These included: documentation on data quality; inconsistencies in the degree to which supervision is used to drive data quality; pressures on staff time; and the lack of a robust network connection to the YOIS system.</p>	<p><i>We will follow up the council's progress in addressing the issues identified in our review.</i></p>	<p><i>Not included in the 2004/05 Plan</i></p>
<p><u>Financial pressures (Social Services)</u></p> <p>Although Social Services expect to meet their budget in 2004/05 a number of financial pressures exist, which could continue in 2005/06:</p> <ul style="list-style-type: none"> Controlling use of independent fostering agencies. The council continues its drive to recruit and retain more in house foster carers to reduce reliance on more expensive independent foster care agencies. 	<p><i>We will continue to review financial performance in this and other directorates as part of our financial standing and governance responsibilities.</i></p>	<p><i>Updates comments in 2004/05 plan</i></p>

<ul style="list-style-type: none"> • Children’s residential care placements – The department is experiencing an upward trend in the number and unit costs of residential care placements and is employing a number of measures to address this and to improve the accuracy of forecasting. • Implementation of the Continuing Care Criteria and rebanding of clients is resulting in a shift in responsibilities from health to social services; • Special Circumstances Grant - The Department received £35k in 2004/05, a lower amount than the £350k it expected; • There is currently an overspend on the Children’s legal budget, which is difficult to control. The Department commented on the need to review the budgeting for this area at a more detailed level. <p>We recognise that growth items have been built into the Social Services 2005/06 budget to accommodate these pressure. The Gershon agenda means that the Department, like others, will need to continue to identify potential efficiency areas, as well as monitor areas of pressure, whilst continuing to maintain performance.</p>		
<p><u>Health partnerships</u></p> <p>The Department maintains a number of partnerships in the local health economy. Risks identified include:</p> <ul style="list-style-type: none"> • Financial risks associated with PCTs financial position; and • The Council’s major acute trust provider (Central Middlesex) is undergoing redevelopment and significant redesign of models of care.. This is expected to reduce the number of beds available which may have implications for social services in terms of the number of patients being cared for in the community. • Brent PCT plans to change the use of beds at Willesden Hospital. Social services currently use beds at Willesden hospital to provide step down care for people being discharged from acute hospital. Brent PCT has plans to reallocate usage of Willesden hospital for GP referrals which may reduce the beds available to social services and the department’s ability to minimise delayed discharges. <p>The risks of entering into any partnership are that:</p> <ul style="list-style-type: none"> • The purpose of the partnership is unclear; • The partnership is dominated by one body so the needs of all the partners are not met; 	<p><i>We will continue to review/ consider the Authority’s response to significant areas of identified risk.</i></p>	<p><i>Not included in 2004/05 plan.</i></p>

<ul style="list-style-type: none"> • Accountability arrangements are unclear, resulting in no-one taking responsibility and unnecessary exposure to loss; and • There are inadequate arrangements to monitor the outcome of the partnership arrangements. 		
<p><u>Data Quality</u></p> <p>We performed a targeted study of data quality last year, which raised some areas for the Department to consider. Our concerns centred around the lack of reliable audit trails and the need for the Council to use the Framework-I system to its full potential.</p>	<p><i>Follow up to occur later in the year, around October time. Scope to be agreed with Department.</i></p>	<p><i>Follow up of 2004/05 work</i></p>
<p><u>Social Services systems</u></p> <p>We understand that the Department is looking to develop its information systems and link activity to financial payment, e.g. by linking transaction to care plans. Care Logic is to deliver this module in July 2005, updating in April-May 2006. In the interim, the Department will have to maintain its usage of some legacy systems. These include spreadsheet systems, which present inherent risks in terms of the accuracy of data.</p> <p>The Department is also considering improvements to its commitments system.</p> <p>The impact on financial systems of any departmental restructure arising from the creation of a new Children's Services Department is currently being considered. Risks associated with any systems change, e.g. ensuring systems continuity, will need to be managed.</p>	<p><i>We will continue to review the performance indicators produced from Social Services' systems as part of our Best Value audit.</i></p> <p><i>We will monitor the progress in implementing new systems against implementation programmes, considering specialist input as appropriate.</i></p> <p><i>See also comments on in Education section (on the unification of children's components of the Social Services Directorate with the Education Directorate).</i></p>	<p><i>Updates comments in 2004/05 plan</i></p>
<p>Housing</p>		
<p><u>South Kilburn NDC</u></p> <p>The master plan for development has been completed and the Council is waiting for expression of interest to tender. Activity is expected to begin in 2005/06 for 7-8 years. Expected costs are significant, and estimated by the Council at just under £1bn, which will be funded from various sources, including:</p> <ul style="list-style-type: none"> • An element from rents and borrowing; • £18m from New Deal for Communities; and • An amount from selling private properties. This element is dependant on the housing market, so the uncertainly in income is a risk. <p>Care must be taken to identify which pots of funding can be applied against each of the initiatives. The Housing Department estimates a potential funding gap of around £60m.,</p>	<p><i>We will maintain a watching brief to review the progress made in this scheme, and consider the potential impact of issues raised.</i></p> <p><i>We will discuss the possibility of performing targeted work as required, specifically considering governance and/or use of resources issues.</i></p>	<p><i>Updates comments in 2004/05 plan</i></p>

<p>and options are being considered to respond to this.</p> <p>The new properties are to be constructed with a greater density and the mix of the population will ultimately be very different from before. There is a debate about emphasis on provision of social housing against the social consequences of community binding (e.g. ensuring community cohesion through provision of suitable facilities) within the Council. Care must be taken not to overlook either aspect and close working between the Housing and Policy and Regeneration departments will be required.</p>		
<p><u>Stonebridge HAT</u></p> <p>Hyde took over this to complete the building and manage the project, which includes the construction of 1,500 units.</p> <p>Tenants will be able to elect who they would like to manage their properties (Hyde or the Council). A number of management options exist, which are being considered, including possible scope for a PFI agreement with Hyde to manage the properties. Each option would present different risks, though the results of the vote will need to be considered in the first instance.</p>	<p><i>We do not anticipate undertaking significant audit work in this area in 2005/06 outside of the normal financial accounts process.</i></p>	<p><i>Updates comments in 2004/05 plan</i></p>
<p>Environment</p>		
<p><u>Sports and Leisure</u></p> <p>The service is improving, but delays in the signature of the Willesden PFI deal has held up development. Sport is still subject to high level monitoring. Officers in Environmental Services have shown that they can turn around a failing service, but now need to maintain the momentum.</p>	<p><i>We will monitor developments in this area.</i></p>	<p><i>Not included in 2004/05 plan.</i></p>
<p><u>Parking contract</u></p> <p>A change in contractual arrangements is being considered (new contract expected to run from 1st July), and is due to be discussed by Members on 12th April.</p> <p>Risks associated with any handover would include the need for any new contractor to maintain a high volume of PCNs. The costs associated with retendering also presents a risk for the Council to weigh against potential benefits of appointing new contractors.</p> <p>The shortfall on parking meters (due to thefts) is now just over £1.0m. This can be offset against some surpluses in Environmental Services, but the overall deficit is some £0.4m. The Executive is now keen on the idea of parking vouchers, as these are less susceptible to theft. A phased implementation of these from 2005/06 is being considered.</p>	<p><i>We will keep the situation under review, due to losses (through theft) incurred in 2004/05.</i></p>	<p><i>Not included in 2004/05 plan.</i></p>

<p><u>Waste and recycling</u></p> <p>These are critical services for the Council which have required a monthly officer/member panel to oversee performance, partly due to the poor performance commented on in the Council's last CPA.</p> <p>Though some recent improvements have been noted (e.g. on recycling performance), it will be challenging to maintain this given historic contractual issues. Also, a number of performance issues persist. Street sweeping has been strengthened in the 2005/06 budget in response.</p> <p>The Environment Department's Service Development Plan acknowledged need to consider the current contract arrangements for refuse collection & street cleaning. The contract is due for renewal in 2007.</p>	<p><i>Although we do not expect to undertake a full study, we expect to monitor developments in these areas throughout.</i></p>	<p><i>Updates comments in 2004/05 plan</i></p>
<p><u>Kingsbury Pool</u></p> <p>A preferred bidder has been selected (Next Generation). No capital funds are available so the Council is looking at private sector funding options, having acknowledged potential scope for provision of a free building and lower management costs. Specific planning issues need to be considered, however, including GLA objections. Members are monitoring the situation.</p>	<p><i>We will maintain a watching brief on developments and perform detailed audit work on the accounting arrangements relating to the procurement as deemed necessary.</i></p>	<p><i>Not included in 2004/05 plan.</i></p>
<p><u>Licensing Act</u></p> <p>The Council will have new responsibilities in this area. Members have allocated £300k in grants in recognition of this. It is estimated, however, that £50k more may be needed, a figure which could rise depending on number of applications. Brent will lose entertainments licensing powers. Central government are to set fees, however these are not perceived to be set at a level that will enable the Council to recover all of its costs.</p>	<p><i>We will monitor the development of arrangements by the Council in responding to the new requirements.</i></p>	<p><i>Not included in 2004/05 plan.</i></p>

Our team and our independence

Our Team Members

It is our intention that staff work on the Council audit year on year, developing effective relationships and an in depth understanding of the 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 the Council to gather your feedback, ensure satisfaction with our service and identify areas for improvement and development year on year. These reviews will form a valuable overview of our service and its contribution to the business, which we will use to brief new team members and enhance the awareness and understanding of the existing team.

The audit and inspection team is outlined in the table below.

Audit Team	Responsibilities
<p>Engagement Partner/Director</p> <p><i>Mike Robinson</i></p> <p><i>2 years on audit</i></p> <p><i>0207 804 3687</i></p> <p><i>mike.s.robinson@uk.pwc.com</i></p>	<p>Engagement leader responsible for independently delivering the audit in accordance with the Code of Audit Practice, including agreeing the Audit Plan, quality of outputs and signing opinions and conclusions. Also responsible for liaison with the Chief Executive and Members.</p>
<p>Audit Commission: Relationship Manager</p> <p><i>Jacqueline Barry-Purssell</i></p> <p><i>07748933325</i></p> <p><i>j-barry-purssell@audit-commission.gov.uk</i></p>	<p>To help you receive a tailored, seamless service co-ordinated with the work of other inspectorates, the Audit Commission has appointed Jacqueline Barry-Purssell as your Relationship Manager from January 2003. This appointment is separate from the role of the statutory auditor.</p>

<p>Engagement Senior Manger <i>Simon Davis</i> 3 years on audit 020 7 213 5248 <i>simon.j.davis@uk.pwc.com</i></p>	<p>Senior Manager on the assignment responsible for overall control of the audit engagement, ensuring delivery to timetable, delivery to timetable, delivery and management of targeted work and overall review of audit outputs. Completion of the Audit Plan and management of contribution to the Annual Audit and Inspection Letter.</p>
<p>Audit Manager: Accounts <i>Peter Greaney</i> 1st year on audit 020 7212 4233 <i>peter.g.greaney@uk.pwc.com</i></p>	<p>Manager on the assignment responsible for managing our accounts work, including the audit of the statement of accounts, the review of the financial systems, work on the performance indicators and work in relation to fraud and corruption.</p>
<p>Audit Manager: Use of Resources <i>Bola Shoderu</i> 4 years on audit 0207 212 4281 <i>bola.shoderu@uk.pwc.com</i></p>	<p>Manager on the audit responsible for co-ordinating the use of resources audit programme including preparing and presenting reports and the BVPP audit.</p>

Independence and objectivity

We have made enquiries of all PricewaterhouseCoopers’ teams providing services to the Council and of those responsible in the UK Firm for compliance matters. We are aware of the following relationships that, in our professional judgement, may be perceived to impact upon our independence and the objectivity of our audit engagement leader and staff:

Services provided to the Council

In addition to our audit under the Code, the Firm has also undertaken other work for the Council.

The Firm was engaged by the Council to provide a Payables Review and

Recovery Service (Cashfinder). This project involves the review of the Council’s payments systems to identify inter alia duplicate payments, outstanding credits due to the Council and discounts not claimed.

In agreeing to accept this engagement, which when averaged across the years to which the services relate is below the de minimis threshold set by the Audit Commission, we reviewed whether it would constitute a conflict with our audit responsibilities and concluded that it would not.

Relationships and Investments

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

Independence Conclusion

We confirm that in our professional judgement, as at the date of this Plan, 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 engagement leader and the audit staff is not impaired.

Communicating with you

Communications Plan and timetable

Statement of Auditing Standard (SAS) 610: 'Communication of audit matters to those charged with governance' requires auditors to plan with those charged with governance the form and timing of communications to them. We have assumed that 'those charged with governance' are the Performance and Finance Select Committee.

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

Stage of the audit	Output	Date
Audit Planning	Audit Plan	April 2005
Audit Findings	Internal control issues and recommendations for improvement	Ongoing
	Use of resources issues and preliminary conclusion for discussion	August 2006

	<p>SAS610 Report, including:</p> <ul style="list-style-type: none"> • Expected moderations to the audit report; • Unadjusted 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 together with recommendations for improvement; • Our views about the qualitative aspects of the Council's accounting practices and financial reporting; • Any other relevant matters relating to the financial statements audit; and • Summary of findings from our use of resources audit work to support our value for money conclusion 	September 2006
Audit Opinions	Audit Report (incorporating financial statements opinion, best value performance plan opinion and use of resources conclusion)	October 2006

Direction of Travel assessment 2005	CPA scorecard summary and direction of travel assessment which forms part of the joint audit and inspection letter (produced by the relationship manager and reported in the 2004/05 Audit and Inspection Letter in 2005)	October – December 2005
CPA 2005	Corporate Assessment inspection report – published and scored	January-March 2006
Annual Audit and Inspection Letter	This is produced by the Relationship Manager	November 2006

Audit Budget and Fees

The Audit Commission has provided indicative audit and inspection fee levels for Authorities for the 2005/06 financial year, which depend upon the level of expenditure, CPA category and potential risk. Based on your budgeted expenditure for 2005/06, the indicative fee for audit and inspection for the Council is:

	£k
High Risk	483
Medium Risk	372
Low Risk	260

The Relationship Manager has agreed the Audit Commission fee with the council.

Due to the risks highlighted earlier, we categorise the Council as between medium and high risk. We have therefore agreed an audit fee of £390,000, which is broken down as per the following table.

Fee proposals at this stage are draft and have still to be agreed with the Audit Commission and with the Council.

	2005/06 £k	2004/05 £k
Accounts	260	260
Value for Money	130	264
Inspection	106.5	106
Total	496.5	630

The overall reduction in fees in 2005/06 is attributable to the Council's move from CPA 'Fair' to 'Good'.

The inspection fee is payable in 12 instalments from 1 April 2005.

The audit fee is payable in quarterly instalments from 1 April 2005 and excludes VAT, grant claims and the cost of responding to electors' questions.

Our fee for the value for money work includes the following:

- Audit of your 2005/06 BVPP;
- Updating of auditor scored judgements on Corporate Governance indicators; and
- Any local studies

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 the management controls within the Council;
- We are able to place reliance on the following work of inspectors and internal audit in respect of our use of resources 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 Statement of Internal Control (SIC) being available for us to review prior to 31 March 2005;
- The Council providing a fully supported and robust self assessment against the use of resources criteria prior to 31 March 2006; and
- Our use of resources conclusion being unqualified.

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

Our fee for the audit of grant claims is based on the amount of time required to complete individual claims standard hourly rates. We will discuss and agree this with the Director of Finance and his team at the conclusion of our 2005/06 audit.

Fees update for 2004/05

We commented on a change in audit approach for 2004/05 in the risks section above (under 'System Issues'). Once finalised, this may impact on audit fee proposals. We will provide an update to our proposals in our 2004/05 Joint Audit and Inspection Letter.

Appendix A: Main Changes to the Code of Audit Practice for 2005/06

New Code of Audit Practice

The Audit Commission has issued a new Code of Audit Practice that is applicable from the 2005/06 financial year.

There are two objectives to our work under the new Code:

- Accounts including a review of the Statement of Internal Control (SIC); and
- Use of Resources.

The most important changes from the previous Code are:

- A new form of two part audit opinion in which an explicit assurance will be provided (rather than implicitly as at present) on an Council's arrangements to secure value for money in the use of resources;
- A recognition of the central role of the Statement of Internal Control as a source of assurance on controls over financial and corporate management, which together redefine the concept of "value for money";
- The identification of a set of criteria (outside the Code itself), which represent a satisfactory standard of financial and corporate management. Auditors will need to ensure that these criteria are met at each Council and report in the audit opinion where they are not. [This may mean some additional work, at

least in the first year, for Authorities which have not had value for money work in recent years because of their "excellent" CPA status];

- Recognition of the new International Standards on Auditing (ISAs), which will converge with UK standards. The relatively stronger guidance on compliance with laws and regulations, fraud, systems and going concern mean that the four components of Financial Aspects of Corporate Governance (in short, legality, fraud, systems and financial standing) can be reintegrated into the financial statements audit. In future they may be reported on by exception, where appropriate, although current levels and standards of work will continue. This means that the three part audit (accounts, financial aspects of corporate governance and use of resources, also known as value for money or performance) will become two parts, accounts and value for money, which come together in the Statement of Internal Control;
- Formalisation of the Joint Audit and Inspection letter and of the requirement that auditors rely on work performed by inspectors in forming their conclusions on value for money;
- Removal of much of the guidance on the exercise of auditors' special powers, which will instead be contained in supporting guidance. The importance of dealing with electors in a proportionate way is emphasised;

- A proposal that, where feasible, recommendations should be costed, which will require the support of the Council; and
- A requirement for an enhanced report to those charged with governance at the Council prior to the signing of accounts, containing key points on our use of resources work as well as on the accounts.

Appendix B: Other Engagement Information

The Audit Commission appoint us as auditors to Brent Council and the terms of our appointment are governed by:

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

There are six 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 or 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 confirm that we each 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 any liability arises out of acts, omissions or misrepresentations which are in any case criminal, dishonest or fraudulent on the part of our respective directors, members, partners, employees, agents or servants.

Appointed auditor

Mike Robinson, a director in the firm, will discharge the responsibilities of the appointed auditor and in doing so will bind the firm although Mike is not a partner.

Access to audit working papers

We may be required to give access to our audit working papers for regulatory purposes or because of other statutory obligations. Typically, in the case of a local government or health body, this would be to the Audit Commission or the National Audit Office for quality assurance purposes.

Quality arrangements

It is our desire 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 to you 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 Glyn Barker, Assurance and Business Advisory Services leader for the UK, at our office at 1 Embankment Place, London, WC2N 6NN. In this way we are able to 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

Statement of Auditing Standard (SAS) 150 includes a number of requirements on us in the event of material events arising between the signing of the accounts and their publication. For us to fulfil these requirements, management need to inform us of any such matters that arise.

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.

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