www.pwc.co.uk

Sefton MBC

External Audit Plan 2011/12

Government and Public Sector

March 2012

Sefton Metropolitan Borough Council
Southport Town Hall
Lord Street
Southport
PR8 1DA

28 March 2012

Dear Elected Members

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

If you have any questions regarding matters in this document please contact Peter Chambers at 0161 247 4311.

Yours faithfully

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP, Barbirolli Square, Lower Mosley Street, Manchester, M2 3PW
T: +44 (0)161 245 2000, F: +44 (0)161 245 2910, www.pwc.co.uk

Contents

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

Introduction

Purpose

This audit plan has been prepared to provide the officers and members of the Council with information about our responsibilities as external auditors and how we plan to discharge them.

We issued our audit fee letter, setting out our indicative fees for 2011/12, on 31 March 2011 in accordance with Audit Commission requirements. This plan sets out in more detail our proposed audit approach for the year.

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

Our plan has been drawn up based upon discussion with management and our understanding of the Council and the local government sector.

Scope of the audit

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

Statement of accounts

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

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

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

As part of our work on the Statement of Accounts statements we will examine the Whole of Government Accounts schedules submitted to the Department for Communities and Local Government and issue an opinion stating whether in our view they are consistent with the Statement of Accounts.

Value for money conclusion

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

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

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

Other reporting requirements

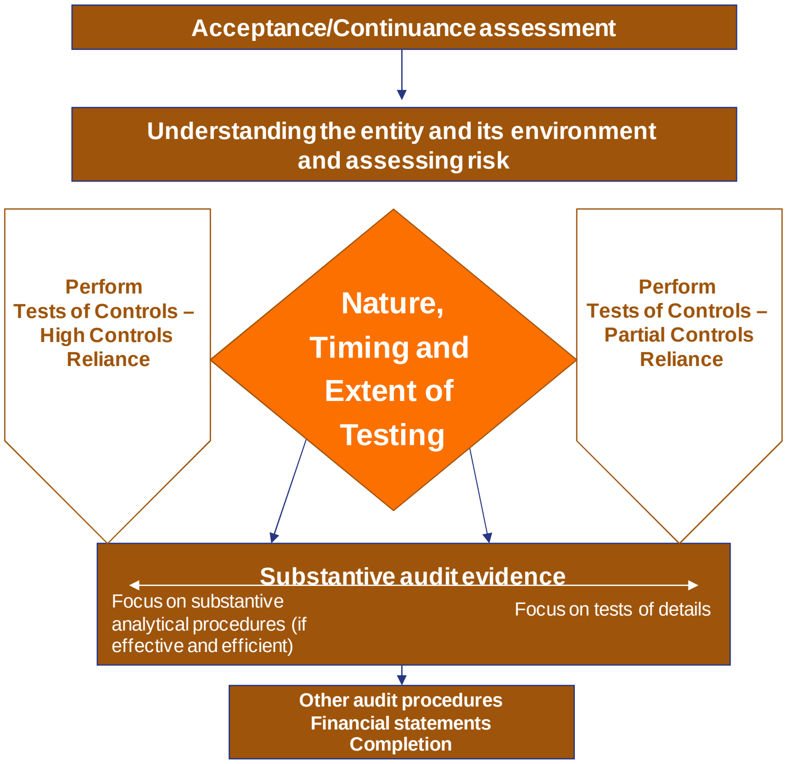
In addition, we are also required to consider:

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

Audit approach

The PwC audit is based on:

- A thorough and detailed understanding of your business and its risks is acquired
- Gathering much of our audit evidence through a process of enquiry and testing which evaluates how your controls address the risks identified and whether assertions about control effectiveness can be supported by verifiable evidence
- As we complete the consideration of controls, we assess the extent to which we need to support the work done with additional substantive audit evidence
- We remain in effective communication with management and the audit committee or those charged with governance throughout the process through the ***Communications Plan***



Timetable

The timetable for our work is as follows:

Month/Deadline	*Audit activity*
March 2012	Issue of External Audit Plan
March 2012	Interim audit
July / August / September 2012	Statement of Accounts audit
30 September 2012 (to be confirmed)	Target date for issue of: • ISA (UK&I) 260 Report to those Charged with Governance • Audit Opinion on the Statement of Accounts • Value for Money Conclusion • Opinion on the Whole of Government Accounts return
30 November 2012 (to be confirmed)	Deadline for issue of Annual Audit Letter

Significant audit risks for the audit of the Statement of Accounts

We have identified the following significant risks for our audit:

- 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).
- Income and expenditure 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). We extend this presumption to the recognition of expenditure in local government and other public sector bodies.
- Valuation of properties: In recognition of the sector wide risks in relation to valuations in the current economic climate, and recognising the significant judgements applied in this area, we assess the level of risk in this area as significant. The impact of this is to increase the amount of work we need to do on valuations.

These risks, as well as the elevated and normal risks for our audit, are described in more detail in Appendix 2.

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 overleaf.

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.

Type of materiality	**What is it used for?**
Overall materiality	Determining the nature, timing and extent of risk assessment procedures. Identifying and assessing risks of material misstatement. Determining the nature, timing and extent of further audit procedures. Overall materiality represents the level at which we would consider qualifying our audit opinion.

Type of materiality	What is it used for?
Planning materiality	To identify significant accounts. To determine thresholds for further review when performing substantive analytical review procedures. To determine tolerable misstatement when performing non-statistical sampling. This is the level to which we plan our audit work.
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. As in 2010/11 we propose to treat misstatements less than £250,000 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.

Communications plan

Required Communication	Planning	Completion	As required
Copy of engagement letter to those charged with governance	☐		
Independence and objectivity confirmation	☐	☐	
Detail of all non-audit work performed by the firm and related fees		☐	
Nature and scope of work together with timing of expected reports	☐		☐
Expected modifications to the auditors' report		☐	☐
Uncorrected misstatements		☐	
Significant deficiencies in internal control identified during the audit		☐	
Views about the qualitative aspects of the entity's accounting practices and financial reporting		☐	
Matters specifically required by other ISAs (UK&I) to be communicated to those charged with governance		☐	☐
Final draft of representation letter		☐	
Any other audit matters of governance interest		☐	☐

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 Governance and Audit Committee

Your responsibility as part of your governance role is:

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

Conditions under which fraud may occur

Management or other employees have an incentive or are under pressure

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

Your views on fraud

We would welcome the opportunity to discuss the following areas with members of the Governance and 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?

Recent developments

Accounting developments

New Requirements in the Code of Accounting Practice

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

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

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

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

- There is a new requirement for a disclosure note setting out the number of **exit packages** agreed, analysed between compulsory redundancies and other departures and presented in £20,000 bands up to £100,000 and £50,000 bands above £100,000. The total cost of packages in each band must also be disclosed. (There will be scope to combine bands if this is necessary to ensure that individual packages cannot be identified.)

- The **related parties** disclosures have been simplified where the Council has transactions with government departments and agencies, NHS bodies and other local authorities, limiting disclosure to individually or collectively significant transactions.

Carbon Reduction Commitment

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

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

Developments in auditing

Highways Infrastructure

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

Appendices

Audit engagement team

Audit team	***Responsibilities***
Peter Chambers ***Engagement Leader*** 0161 247 4311 peter.p.chambers@uk.pwc.com	Peter will be responsible for the overall conduct of the audit, and for signing all audit and other opinions.
Stuart Baron ***Engagement Manager*** 07809 755 749 stuart.d.baron@uk.pwc.com	Stuart will be responsible for managing our accounts work, including the audit of the statement of accounts, and governance aspects of the use of resources.
Matthew Chandler ***Team Leader*** 07595 610 299 matthew.s.chandler@uk.pwc.com	Matthew will be responsible for day-to-day management of our accounts work, including the audit of the statement of accounts.

Independence and objectivity

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

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

Relationships and investments

Members and senior officers should not seek or receive personal financial or tax advice from PwC. 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 another audit or advisory client of the firm should notify us, so that we can put appropriate conflict management arrangements in place.

Independence conclusion

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

Significant and elevated audit risks

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

●	*Significant*	Risk of material misstatement due to the likelihood, nature and magnitude of the balance or transaction. These require specific focus in the year.
●	*Elevated*	Although not considered significant, the nature of the balance/area requires specific consideration.
●	*Normal*	We perform standard audit procedures to address normal risks in all other material financial statement line items.

Financial Statements risks

Risk	**Significant / elevated risk**	**Reason for risk identification**	**Audit approach**
Fraud and management override of controls	● S	ISA (UK&I) 240 requires that we plan our audit work to consider the risk of fraud, which is presumed to be a significant risk in any audit. This includes consideration of the risk that management may override controls in order to manipulate the financial statements.	We will perform procedures to; • test the appropriateness of journal entries; • review accounting estimates for biases and evaluate whether circumstances producing any bias, represent a risk of material misstatement due to fraud; • evaluate the business rationale underlying significant transactions; • perform 'unpredictable' procedures; and • may perform other audit procedures if necessary.
Recognition of income and expenditure	● S	Under ISA (UK&I) 240 there is a (rebuttable) presumption that there are risks of fraud in revenue recognition. We extend this presumption to the recognition of expenditure in local government. This is more likely to occur in significant areas of non-payroll expenditure or areas where accounting judgements or estimates have been made. There is also a risk of expenditure being	We will obtain an understanding of revenue and expenditure controls. We will evaluate and test the accounting policy for income and expenditure recognition to ensure that this is consistent with the requirements of the Code of Practice on Local Authority Accounting. We will also perform detailed

Risk	Significant / elevated risk	Reason for risk identification	Audit approach
		inappropriately capitalised.	testing of revenue and expenditure transactions, focussing on the areas we consider to be of greatest risk.
Valuation of properties	● S	Property, plant and equipment (PPE) represents the largest balance in the Council's balance sheet. The Council measures its properties at fair value involving a range of assumptions and the use of external valuation expertise. ISAs (UK&I) 500 and 540 require us, respectively, to undertake certain procedures on the use of external expert valuers and processes and assumptions underlying fair value estimates. Specific areas of risk include: • The accuracy and completeness of detailed information on assets. • Whether the Council's assumptions underlying the classification of properties are appropriate. • Whether properties that are not programmed to be revalued in the year might have undergone material changes in their fair value (based on the results for the 20% which are valued in the current year). • The valuer's methodology, assumptions and underlying data, and our access to these.	The PwC valuations team will review the assumptions used in determining the fair value of assets recorded within the Council's financial statements. This will be applicable to the 80% not programmed to be revalued in the year as well as the 20% that is included. We will also review the appropriateness of the Council's approach to component depreciation. We will review start up costs included in fixed assets on the year-end balance sheet and physically verify and agree material fixed asset additions in the year to appropriate supporting documentation. We will review the proposed accounting treatment (including financing arrangements) for any new capital schemes and material additions in 2011/12 and consider the implications for our audit work.
Savings Plans / increased pressure on financial position and budgets	● E	The Council is experiencing increased pressures on many of its budgets as economic conditions have worsened. Budget holders may feel under pressure to try to push costs into future periods, or to miscode expenditure to make use of resources intended for different purposes. Local government bodies are expected to make significant efficiency savings over the next three years. There is a risk that savings plans may not be robust or based on long term solutions which could result in short term, yearend	We will review the Council's budget monitoring processes to identify any areas of concern. We will also bear these risks in mind when carrying out cut-off testing. As part of our value for money conclusion and in conjunction with our work on financial standing, we will consider the robustness of a sample of the Council's savings targets. We will also consider the accounting implications of any savings plans and would welcome early discussion of any

Risk	Significant / elevated risk	Reason for risk identification	Audit approach
		actions to ensure that targets are met. There are also risks in relation to financial reporting, that the requirement to report particular financial results overrides best financial reporting practice.	new and unusual proposals. In particular, we will consider the impact of the efficiency challenge on the recognition of both income and expenditure.
One Vision Housing legal claim	● E	During 2010/11 the Council agreed to go to mediation to resolve a legal claim in relation to the cost of cladding for a number of tower blocks. The anticipated costs are estimated at £6m, and are currently included in the financial statements as a contingent liability. We understand that the Council was unable to resolve the matter at mediation and the financial consequences may arise as a result of the claim.	We will hold discussions with management to understand the current position. We will review the status of the dispute to form a view on the appropriateness of the Council's accounting treatment.
Sefton New Directions	● E	The Council's subsidiary company is in financial difficulty following a reduction in revenue it receives from the Council. The Council's 2010/11 financial statements accounted for Sefton New Directions (SND) as a going concern resulting in the pension liability of SND's being treated as a contingent liability in 2010/11.	We will hold discussions with management to understand the current position. We will perform a going concern review of SND's to ensure the accounting treatment is appropriate for the 2011/12 financial statements.
Capita Contract	● N	The Council is bringing back in house the services that were previously outsourced to Capita Symonds.	We will hold discussions with management to understand the current position. We will review the status of the contractual arrangements and determine whether this has any accounting implications.
Heritage assets	● N	We understand that the Council has a number of heritage assets within its financial statements that will now be required to held at valuation where a valuation can be obtained, with the assets recorded at this valuation within its Balance Sheet.	We will discuss with management and determine as to whether an appropriate valuation can be obtained for these assets.
Bad debt	● N	The economic downturn is likely to have increased the risk of the Council suffering losses due to bad debt. The Council will need to have	We will assess the robustness of the Council's assessment of its exposure to bad debts, and review evidence as to the

Risk	Significant / elevated risk	Reason for risk identification	Audit approach
		assessed the collectability of debts, and reviewed its bad debt provision, to avoid overstating its debtors.	collectability of year end debtors.

Audit fees

The Audit Commission has provided audit fee levels for local government bodies for the 2011/12 financial year, based on the fee for 2010/11 adjusted for the reductions set out in the final work programmes and scales of fees documents available on the Commission's website. The fee scale for the audit of the Council is £245,231.

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

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

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

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

Other engagement information

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

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

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

Electronic communication

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

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

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

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

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

Access to audit working papers

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

Quality arrangements

We want to provide you at all times with a high quality service to meet your needs. If at any time you would like to discuss with us how our service could be improved or if you are dissatisfied with any aspect of our services, please raise the matter immediately with the partner responsible for that aspect of our services to you. If, for any reason, you would prefer to discuss these matters with someone other than that partner, please contact Paul Woolston, our Audit Commission Lead Partner at our office at 89 Sandyford Road, Newcastle Upon Tyne, NE99 1PL, or James Chalmers, UK Head of Assurance, at our office at 1 Embankment Place, London, WC2N 6NN. In this way we can ensure that your concerns are dealt with carefully and promptly. We undertake to look into any complaint carefully and promptly and to do all we can to explain the position to you. This will not affect your right to complain to the Institute of Chartered Accountants in England and Wales or to the Audit Commission.

Events arising between signature of accounts and their publication

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

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