
Government and Public Sector
***Peterborough City
Council***

Annual Audit Letter

2010/11 Audit

November 2011

The Members of the Audit Committee
Peterborough City Council
Town Hall
Bridge Street
PETERBOROUGH
PE1 1HG

November 2011

Ladies and Gentleman

We are pleased to present our Annual Audit Letter summarising the results of our 2010/11 audit. We look forward to presenting it to Members at the Audit Committee meeting on 6 February 2012.

Yours faithfully

PricewaterhouseCoopers LLP

Code of Audit Practice and Statement of Responsibilities of Auditors and of Audited Bodies

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. The purpose of the statement is to assist auditors and audited bodies by explaining where the responsibilities of auditors begin and end and what is to be expected of the audited body in certain areas. Our reports and management letters are prepared in the context of this Statement. Reports and letters prepared by appointed auditors and addressed to members or officers are prepared for the sole use of the audited body and no responsibility is taken by auditors to any member or officer in their individual capacity or to any third party.

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Introduction

The purpose of this letter

The purpose of this letter is to provide a high level summary of the results of the 2010/11 audit work we have undertaken at Peterborough City Council that is accessible for the Authority and other interested stakeholders.

We have already reported the detailed findings from our audit work to those charged with governance in the following reports:

- Audit report for the 2010/11 Statement of Accounts, incorporating the value for money conclusion;
- Report to management on matters arising from our interim audit; and
- Report to those charged with Governance (“the ISA 260 report”).

We shall also present our report on the certification of claims and returns to the Audit Committee meeting on 6 February 2012.

The matters reported here are those that we consider are most significant for the Authority.

Scope of work

Our audit work is conducted in accordance with the Audit Commission’s Code of Audit Practice, International Standards on Auditing (UK and Ireland) and other guidance issued by the Audit Commission.

The Authority is responsible for preparing and publishing its Statement of Accounts, accompanied by the Annual Governance Statement. It is also responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

As auditors we are responsible for:

- forming an opinion on the financial statements;
- reviewing the Annual Governance Statement;
- forming a conclusion on the arrangements that the Authority has in place to secure economy, efficiency and effectiveness in its use of resources; and
- undertaking any other work specified by the Audit Commission.

Our 2010/11 audit work has been undertaken in accordance with the Audit Plan that we issued in March 2011.

Audit Findings

Accounts

We audited the Authority's Statement of Accounts in line with approved Auditing Standards and issued an unqualified audit report on 28 September 2011. The most significant matters that we discussed with management during the course of our work were in relation to the conversion to International Financial Reporting Standards ("IFRS") and the valuation of the Authority's properties.

IFRS compliance

The CIPFA Code of Practice on Local Authority Accounting in the United Kingdom required that the Authority's accounts be produced in accordance with IFRS. 2010/11 was the first year in which the Authority was required to produce IFRS compliant accounts with compliant comparatives. This was a significant challenge for the Authority and we were pleased to report that the track record the Authority established of producing excellent working papers continued.

Valuation of property plant and equipment

In response to the requirements of International Standards on Auditing, which were clarified this year to the extent that our work on valuations had to increase compared to previous years, we reviewed the methodology used by management and engaged our internal valuation team to review the valuation methods and assumptions used by the Council's valuers. Our testing did not identify any significant issues to bring to your attention.

We discussed these and other matters arising from our audit with the Audit Committee on 26 September. Further more detailed matters arising have been discussed with the Executive Director of Strategic Resources and included in our Report to Management, referred to below. There are no other matters which we wish to draw to the attention of Members in this Letter.

Economy, efficiency and effectiveness

Our Use of Resources Code responsibility required us to carry out sufficient and relevant work in order to conclude on whether you have put in place proper arrangements to secure economy, efficiency and effectiveness in the use of resources. In accordance with guidance issued by the Audit Commission, in 2010/11 our conclusion was based on two criteria:

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

We issued an unqualified value for money conclusion.

Annual Governance Statement

Local authorities are required to produce an Annual Governance Statement (AGS) that is consistent with guidance issued by CIPFA/SOLACE. The AGS accompanies the Statement of Accounts. We reviewed the AGS to consider whether it complied with the CIPFA/SOLACE guidance and whether it might be misleading or inconsistent with other information known to us from our audit work. We found no areas of concern to report in this context.

Summary of Recommendations

We provide an annual summary of recommendations to the Executive Director of Strategic Resources and his team in a Report to Management. This was presented to the Audit Committee on 26 September 2011. Management provided the Audit Committee with an update on its responses to those recommendations at the meeting on 7 November 2011 and will provide a further update at the meeting on 6 February 2012.

We did not report any other recommendations within our report to those charged with Governance (ISA (UK&I) 260).

In the event that, pursuant to a request which you have received under the Freedom of Information Act 2000 (as the same may be amended or re-enacted from time to time) or any subordinate legislation made thereunder (collectively, the "Legislation"), you are required to disclose any information contained in this report, we ask that you notify us promptly and consult with us prior to disclosing such information. You agree to pay due regard to any representations which we may make in connection with such disclosure and to apply any relevant exemptions which may exist under the Legislation to such information. If, following consultation with us, you disclose any such information, please ensure that any disclaimer which we have included or may subsequently wish to include in the information is reproduced in full in any copies disclosed.

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