

Peterborough City Council

Report to those charged with governance

Report to the Audit Committee of the authority on the audit for the year ended 31 March 2014 (ISA (UK&I)) 260)

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Government and Public Sector

September 2014

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

In April 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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An audit of the Statement of Accounts is not designed to identify all matters that may be relevant to those charged with governance. Accordingly, the audit does not ordinarily identify all such matters. We have issued a number of reports during the audit year, detailing the findings from our work and making recommendations for improvement, where appropriate.

Executive summary

Background

This report tells you about the significant findings from our audit. We presented our plan to you in March 2014; we have reviewed the plan and concluded that it remains appropriate for the audit of the financial statements. However, in relation to our Use of Resources Conclusion, specifically the arrangements in place at the Authority for securing financial resilience, we have reconsidered our risk assessment. The gap in the Authority's Medium Term Financial Strategy, that is, the level of unidentified savings is material, most notably in 2015/16. On that basis, we have included a new significant risk in our audit plan in relation to identification of the required savings, and have performed appropriate procedures to address this new significant risk; further detail is set out on page 13.

Audit Summary

- We have completed the majority of our audit work and expect to be able to issue an unqualified audit opinion on the Statement of Accounts on 24 September.
- The key outstanding matters, where our work has commenced but is not yet finalised, as at 12 September are:
 - review of journal entries and audit adjustments made to the Statement of Accounts;
 - completion of our quality review procedures in relation to our Use of Resources conclusion;
 - completion of our review of the Whole of Government Accounts schedules;
 - approval of the Statement of Accounts and letters of representation; and
 - completion procedures including subsequent events review.
- There are four key judgments which require the Audit Committee's attention – further details are set out on pages 6 to 10.

Please note that this report will be sent to the Audit Commission in accordance with the requirements of its standing guidance.

We look forward to discussing our report with you on 22 September. Attending the meeting from PwC will be Julian Rickett and Jacqui Dudley.

We thank the officers of the Authority for their co-operation and assistance during the course of our work.

Audit approach

Our audit approach was set in our audit plan which we presented to you in March 2014.

We have summarised below the significant risks we identified in our audit plan, the audit approach we took to address each risk and the outcome of our work.

Risk	Categorisation	Audit approach	Results of work performed
<p>Fraud and Management Override of Controls</p> <p><i>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.</i></p>	Significant	<p>We have performed procedures to:</p> <ul style="list-style-type: none"> • 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; and • introduce an element of 'unpredictability' into the audit which varies year to year. 	We found no significant matters to report to you in this context.
<p>Recognition of Income and Expenditure</p> <p><i>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.</i></p>	Significant	<p>We have performed procedures to:</p> <ul style="list-style-type: none"> • obtain an understanding of revenue and expenditure controls; • evaluate and test the accounting policy for income and expenditure recognition to ensure that it was consistent with the requirements of the Code of Practice on Local Authority Accounting; and • test revenue and expenditure transactions, focussing on the areas we considered to be of greatest risk. 	We found no significant matters to report to you in this context.

Risk	Categorisation	Audit approach	Results of work performed
<p>Financial Resilience <i>Savings requirements as a result of increasing demand for services as well as a decrease in budget allocations from central government mean that the council has to find new and innovative ways to balance its budget through a number of measures including efficiencies, reductions in service provision, increased charging, alternative service delivery models and more.</i></p> <p><i>There is an increased risk that the Council finds it increasingly challenging to secure economy, efficiency and effectiveness in its use of resources and demonstrate that it is a financially resilient council.</i></p>	<p>Significant</p>	<p>We will review your savings plan.</p> <p>We will consider how you manage the plan, and will investigate the reasons behind any significant variations from the plan.</p> <p>We will specifically consider:</p> <ul style="list-style-type: none"> • your record in delivering savings; • the governance structure in place to deliver the targets (including extent of Member involvement); • the level and extent of accountability; • project management arrangements; • monitoring and reporting; and • progress on delivering the plan. <p>We will consider the accounting implications of your savings plans and we will consider the impact of the efficiency challenge on the recognition of both income and expenditure.</p>	<p>We have obtained and reviewed the Medium Term Financial Strategy, including the assumptions utilised in identifying any funding gaps arising.</p> <p>The recurring funding gap identified each year of the MTFs as presented to Cabinet on 5 March 2014 is as follows:</p> <ul style="list-style-type: none"> - 2014/15: nil - 2015/16: £17.6m - 2016/17: £4.6m - 2017/18: £1.4m - 2018/19: £2.5m <p>The total savings required over the first five years of the MTFs are therefore £26.1m.</p> <p>Since March 2014, other financial pressures have emerged. As a result the forecast deficit for 2015/16 has increased to £22.0m. Officers are working with Cabinet and the cross party Budget Working Group to develop proposals to deliver a balanced budget.</p> <p>We have considered and discussed the emerging savings options with officers, in order to understand the current plans to address the funding gap. We note that the plans are at various stages of development.</p> <p>We have considered the Council's historic record in delivering savings; the monitoring and reporting arrangements in the place and the governance structure in place.</p> <p>In undertaking this work, we did not identify any matters, in relation to the arrangements in place at the Council to secure financial resilience that would cause us to modify our Use of Resources conclusion. Clearly, however, the ongoing achievement of savings, together with the impact of future financial settlements should remain a key focus for the Council.</p>

Intelligent scoping

In our audit plan presented to you in March 2014, we reported our planned overall materiality which we used in planning the overall audit strategy, based upon total expenditure for 2012/13. Our materiality varied because we updated it for actual total expenditure for 2013/14; however our testing strategy remained unchanged.

Our revised materiality levels are as follows:

	£
Overall materiality	£10,225,520
Clearly trivial reporting de minimis	£350,000

Overall materiality has been set at 2% of actual expenditure for the year ended 31 March 2014.

ISA (UK&I) 450 (revised) requires that we record all misstatements identified except those which are “clearly trivial” i.e. those which we do expect not to have a material effect on the financial statements even if accumulated. We agreed the de minimis threshold with the Audit Committee at its meeting in March 2014.

Significant audit and accounting matters

Auditing Standards require us to tell you about relevant matters relating to the audit of the Statement of Accounts sufficiently promptly to enable you to take appropriate action.

Accounts

We have completed our audit, subject to the following outstanding matters as at 10 September 2014:

- review of journal entries and audit adjustments made to the Statement of Accounts;
- completion of our quality review procedures in relation to our Use of Resources conclusion;
- completion of our review of the Whole of Government Accounts schedules;
- approval of the Statement of Accounts and letters of representation; and
- completion procedures including subsequent events review.

Subject to the satisfactory resolution of these matters, the finalisation of the Statement of Accounts and their approval of them we expect to issue an unqualified audit opinion.

As part of our work on the Statement of Accounts we have also examined the Whole of Government Accounts schedules submitted to the Department for Communities and Local Government and anticipate issuing an opinion stating in our view they are consistent with the Statement of Accounts. This work remains ongoing at the time of writing and we will provide a verbal update at the meeting on 22 September 2014.

Accounting issues

There are four matters that we wish to draw to your attention:

1. Accounting for property plant and equipment;
2. Estimation of the pension liability for the Local Government Pension Scheme;
3. Council tax benefit reform; and
4. Accounting for the Local Authority Mortgage Scheme.

As set out in our audit plan presented to you in March 2014, we identified elevated risks regarding the accounting for property, plant and equipment and in relation to the council tax benefit reform. As such, we report the results of our work in these two areas below.

In addition, we highlighted that the accounting for the Local Authority Mortgage Scheme (LAMS) can be based on different interpretations of statute and we also include an update in this regard.

This section also sets out our findings regarding the estimation of the pension liability for the Local Government Pension Scheme. This is a significant estimate within the financial statements, and there has been a change in accounting policy due to a revision of the accounting standard IAS 19.

1. Accounting for property, plant and equipment

a. Assets under construction

In accordance with IAS 16, the Authority accounts for assets under construction (AUC) at historical cost. When the asset is brought into use, it is revalued at fair value and transferred into the appropriate class within property, plant and equipment (PP&E). It has been identified that extensions to two schools included within the AUC balance as at 31 March 2013, were actually completed during 2012/13 and should have been transferred into land & buildings. Both schools, including their extensions, were revalued at 31 March 2013 by the Authority's external valuer. As such the extension was incorrectly included within AUC as well as land & buildings. The PP&E balance was therefore overstated at 31 March 2013 by £11.1m. Whilst the overall net book value of PP&E is £523.8m, this is over the overall materiality level we have set and therefore a prior period adjustment has been required to correct the 2012/13 balances. The Authority has corrected the financial statements for these balances, reducing the PP&E balance as at 31 March 2013 by £11.1m, with a corresponding entry to unusable capital reserves.

The two assets identified were both schools and we understand the issue has arisen due to delays in receiving the completion certificates for each school extension within Children's Services. Only when the Corporate finance team receive the completion certificate, would they transfer the asset out of AUC and into the relevant class of PP&E at fair value. We deem this to be a significant control deficiency and as such have included this within the Internal Control section of this report on page 15.

We have undertaken additional testing of AUC to determine whether any further assets included within the balance have been completed in year but not transferred out. Our work has not identified any such assets.

b. Valuations of property

The Authority has a large and complex property, plant and equipment (PP&E) portfolio and, in common with other authorities, each year a number of significant judgements are required in order to generate the figures in the financial statements.

The draft accounts include total PP&E with a net book value of £523.8m, largely made up of land and buildings (net book value of £317.1m) and infrastructure assets (net book value of £124.4m). The Authority has utilised the expertise of an external valuation expert to value the Authority's PP&E and investment properties.

Our valuation experts have reviewed the assumptions and methodologies used by the Authority's external valuation expert. We draw your attention to one matter in relation to these assumptions - the external valuer has used an approach of apportioning land values as a percentage of building costs in their valuation. However, PwC valuers would adopt an approach that derived the land values by using a land value per acre based on market comparables.

This matter regarding the assumptions has been reviewed and considered by Management who are comfortable that the assumptions and methodology adopted by the external valuer do not materially misstate the financial statements.

Management have also carried out an impairment review during the year, for assets that were not re-valued in 2013/14 and are comfortable that the values of these land and buildings assets are not materially misstated in the financial statements.

We have considered the approach adopted by the external valuer and the Authority and, in the context of the truth and fairness of the accounts as a whole, are not minded to challenge the valuations recorded in the accounts.

c. Review of assets in use

At each year end the Authority requires each service to confirm that all assets held by that service are still in use. As part of our audit procedures, we seek to place reliance on this control and we physically verify a sample of assets to confirm their existence. This year further emphasis was placed on the process by the Corporate finance team, as a result of the implementation of the Technology Forge fixed asset system, due to all the information now being held in one place. This resulted in a “cleansing” of the fixed asset register of assets which were no longer in use by the services. In turn this led to entries in the PP&E note within the financial statements to remove such assets which largely had net nil book values - disposals within the cost of vehicles, plant and equipment included in Note 18 to the accounts total £24.6m. However set against this is depreciation of £23.9m, therefore only £0.7m of net book value has been disposed of in the year.

We have undertaken procedures to assess the appropriateness of these entries and to also physically verify assets notified as still in use by the services. This testing identified some assets within Children’s Services which had been stated as disposed of within the return made by the service to the Corporate team, however the assets were still in use. These items are clearly trivial for adjustment.

In addition, we identified some items which had been capitalised by the Authority but were no longer the Authority’s property. For example, bicycles which had been donated to families as part of a support scheme and were no longer owned by the Authority. Such items should have been treated as revenue expenditure funded from capital under statute (REFCUS). These items are clearly trivial for adjustment.

We have included these issues within our Internal Controls section of this report on page 15, as although the amounts involved are clearly trivial for adjustment, we believe they represent control weaknesses within the accounting for capital.

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2. Estimation of the pension liability

The most significant estimate in the Statement of Accounts is in the valuation of net pension liabilities for employees in the Cambridgeshire County Council Pension Fund, of which Peterborough City Council is an admitted body. The 2013 triennial valuation has been finalised and the effect on the accounts is to increase the net pension liability by £8.0m, from £216.3m at 31 March 2013 to £224.3m at 31 March 2014.

We reviewed the reasonableness of the assumptions underlying the pension liability, and have no matters to draw your attention to in this regard.

We undertook audit work on the data supplied to the actuary on which to base their calculations. We noted that within the submission made by LGSS on behalf of the Authority, one month of payroll data was omitted. The data was therefore resubmitted to the actuary and a recalculation performed on the complete pension contributions made for the year. This resulted in an increase to the closing liability of £0.7m and an increase to the closing fair value of scheme assets of £0.6m. The Authority has corrected the financial statements for the balances within the updated actuarial report.

Changes to IAS 19: Employee Benefits

From 2013/14 there have been changes to the accounting for defined benefit schemes and termination benefits. These changes have been reflected in the Authority’s financial statements and we have no issues to note in this regard.

3. Council tax benefit reform

From 1 April 2013/14, Council Tax Benefit (CTB) was replaced by local authorities’ own council tax support and reduction schemes. Prior to the CTB reforms, national rules were set by the Government and therefore standard calculations and system parameters would have applied to the assessment and processing of all claims. Following the abolition of CTB, the Authority has introduced a Council Tax

Support (CTS) scheme having set their own rules (subject to a number of restrictions imposed by the Government). Changes have therefore been made to claimants' entitlement and processes for assessment, and then to the underlying calculations and parameters within the Academy system (which the Authority uses to process claims). Previously such system amendments have been part of a national system upgrade, but this year have been undertaken by the Authority reflecting their local rules. This has also involved increased manual processes to apply these parameters and updates from Academy.

We included this as an elevated risk within our Audit Plan, as there is a risk that the new scheme rules have not been appropriately implemented within the Authority's controls for assessing entitlement, or have not been effectively applied within Academy, which would impact the accuracy of the CTS calculation.

As a new scheme has been introduced we have performed additional audit procedures this year to:

- Understand the criteria the Authority has set and the initial modelling performed to estimate the cost of the scheme;
- Review the accuracy of budget monitoring and reporting of CTS;
- Understand and evaluate the change processes and access to the Academy system; and
- Review the parameters now used within the Academy system.

We have also undertaken focused testing on a sample of transactions under the new arrangements. Council Tax Benefit was previously subsidised by the Department for Work and Pensions (DWP) and we undertook certification work on behalf of the Audit Commission as part of the Housing and Council Tax Benefit Return (BEN01). This work was also leveraged to support our work on the audit opinion. However, due to the localisation of schemes the Audit Commission has revised its certification instructions

(as DWP involvement ceases with the new CTS schemes) and we have therefore needed to perform additional detailed testing procedures as part of the financial statements' audit to gain assurance over the accuracy, completeness, cut-off and existence of a sample of Council Tax Support claims.

We have no issues to report regarding our additional work performed on the Academy system or on the Council Tax Support claims balance included within the financial statements.

4. Accounting for the Local Authority Mortgage Scheme

The Authority has set up the Local Authority Mortgage Scheme ("LAMS") with Lloyds TSB ("the lender"). In the LAMS, first time buyers ("the borrower") put down five per cent of the property price as a deposit to the lender, with the Authority providing a cash backed indemnity of up to 20 per cent as additional security. The Authority then earns interest on this amount. As at 31 March 2014, the Authority had paid £2m to Lloyds TSB.

The Authority has treated its payment of £2m to Lloyds as capital expenditure. The justification for this treatment is regulation 25(1)(b) of the Local Authorities (Capital Finance and Accounting)(England) Regulations 2003, which defines as capital expenditure "... the giving of a loan, grant or other financial assistance to any person, whether for use by that person or by a third party, towards expenditure which would, if incurred by the Authority, be capital expenditure".

We consider that an alternative interpretation of statute may be appropriate as, although the lender would not have made its loan to the borrower without the Authority having placed money on deposit with it, the Authority may not have a relationship with the borrower making the house purchase that is sufficient for regulation 25(1)(c) to be effective. This is because the status of the deposit appears such that the lender cannot treat the amount deposited as its own monies.

An alternative accounting treatment would treat the commitment that the Authority makes to the lender as meeting the definition of a financial guarantee. Financial guarantees are required to be accounted for in accordance with Section 7.2.4 of the CIPFA Code, being "initially recognised as a liability at fair value and an expense, estimated by considering the probability of the guarantee being called and the likely amount payable under the guarantee".

However, we recognise that this issue rests on the interpretation of statute, and that others may be of the view that as the amount advanced to the lender by the Authority is reflected in a larger advance to the borrower than would otherwise have been permitted by the lender's rules, there is arguably a flow of cash between the Authority and the borrower that is sufficient to constitute the giving of a loan by the Authority to the lender for use by the borrower in acquiring a property.

The Council has received legal counsel's opinion on the accounting treatment, through its Treasury Management Advisors. We note that the Authority has also obtained advice from the Monitoring Officer for entering into the scheme and has not relied solely on any assurances given to it by its Treasury Management Advisors in respect of its consideration of the appropriate accounting treatment.

We are not minded to challenge the Authority's accounting treatment in respect of LAMS but we recommend that it keeps its accounting arrangements under review, as there is a risk that statute may change, or that the CIPFA IFRS Code of Practice may change, and that those changes may require the Authority to adopt a different accounting treatment.

Misstatements and significant audit adjustments

We have to tell you about all uncorrected misstatements we found during the audit, other than those which are trivial. See Appendix 1.

We also bring to your attention any misstatements or adjustments which have been corrected by management but which we consider you should be aware of in fulfilling your governance responsibilities. There were no misstatements to report, and no significant adjustments other than the prior period adjustment, in relation to assets under construction, already described above to bring to your attention.

Significant accounting principles and policies

Significant accounting principles and policies are disclosed in the notes to the Statement of Accounts. We will ask management to represent to us that the selection of, or changes in, significant accounting policies and practices that have, or could have, a material effect on the Statement of Accounts have been considered.

Management representations

The final draft of the representation letter that we ask management to sign is attached in Appendix 1.

In addition to the standard representations we have, as in 2012/13, requested specific representations on:

- Local Authority Mortgage Scheme; and
- Use of valuation experts.

Judgments and accounting estimates

The Authority is required to prepare its financial statements in accordance with the CIPFA Code. Nevertheless, there are still many areas where management need to apply judgement to the recognition and measurement of items in the financial statements.

We have reviewed the Authority's accounting policies and estimates, and significant matters arising which we wish to draw to the attention of the Audit Committee are described in detail above.

Related parties

In forming an opinion on the financial statements, we are required to evaluate:

- whether identified related party relationships and transactions have been appropriately accounted for and disclosed; and
- whether the effects of the related party relationships and transactions cause the financial statements to be misleading.

We did not identify any matters during the course of our work.

We have performed additional procedures including review of declarations of interests, internet searches for Directorships and review of expenditure listings as part of our work to consider the completeness of material related party disclosures.

Included in the letter of representation, is a representation that the list of related parties disclosed in the financial statements is complete and accurate.

Audit independence

We are required to follow both the International Standard on Auditing (UK and Ireland) 260 (Revised) "Communication with those charged with governance", UK Ethical Standard 1 (Revised) "Integrity, objectivity and independence" and UK Ethical Standard 5 (Revised) "Non-audit services provided to audited entities" issued by the UK Auditing Practices Board.

Together these require that we tell you at least annually about all relationships between PricewaterhouseCoopers LLP in the UK and other PricewaterhouseCoopers' firms and associated entities ("PwC") and the Authority that, in our professional judgement, may reasonably be thought to bear on our independence and objectivity.

Relationships between PwC and the Authority

We are not aware of any relationships that, in our professional judgement, may reasonably be thought to bear on our independence and objectivity and which represent matters that have occurred during the financial year on which we are to report or up to the date of this document.

Relationships and Investments

We have not identified any potential issues in respect of personal relationships with the Authority or investments in the Authority held by individuals.

Employment of PricewaterhouseCoopers staff by the Authority

We are not aware of any former PwC partners or staff being employed, or holding discussions in respect of employment, by the Authority as a director or in a senior management position covering financial, accounting or control related areas.

Business relationships

We have not identified any business relationships between PwC and the Authority.

Services provided to the Authority

The audit of the Statement of Accounts is undertaken in accordance with the UK Firm's internal policies. The audit is also subject to other internal PwC quality control procedures such as peer reviews by other offices.

In addition to the audit of the Statement of Accounts, we have also undertaken work to form our value for money conclusion and have undertaken certification of claims and returns, as required by the Audit Commission.

Fees

The analysis of our audit and non-audit fees for the year ended 31 March 2014 is included on page 18. In relation to the non-audit services provided, none included contingent fee arrangements.

Services to Directors and Senior Management

PwC does not provide any services e.g. personal tax services, directly to directors, senior management.

Rotation

It is the Audit Commission's policy that engagement leaders at an audited body at which a full Code audit is required to be carried out should act for an initial period of five years. The Commission's view is that generally the range of regulatory safeguards it applies within its audit regime is sufficient to reduce any threats to independence that may otherwise arise at the end of this period to an acceptable level. Therefore, to safeguard audit quality, and in accordance with APB Ethical Standard 3, it will subsequently approve engagement leaders for an additional period of up to no more than two years, provided that there are no considerations that compromise, or could be perceived to compromise, the auditor's independence or objectivity. 2013/14 represents the 7th year that Julian Rickett has acted as engagement leader.

Gifts and hospitality

We have not identified any significant gifts or hospitality provided to, or received from, a member of Authority's Cabinet, senior management or staff.

Conclusion

We hereby confirm that in our professional judgement, as at the date of this document:

- we comply with UK regulatory and professional requirements, including the Ethical Standards issued by the Auditing Practices Board; and
- our objectivity is not compromised.

We would ask the Audit Committee to consider the matters in this document and to confirm that they agree with our conclusion on our independence and objectivity.

Annual Governance Statement

Local Authorities are required to produce an Annual Governance Statement (AGS), which is consistent with guidance issued by CIPFA / SOLACE: "Delivering Good Governance in Local Government". The AGS was included in the Statement of Accounts.

We reviewed the AGS to consider whether it complied with the CIPFA / SOLACE "Delivering Good Governance in Local Government" framework and whether it is misleading or inconsistent with other information known to us from our audit work. We found no areas of concern to report in this context.

Economy, efficiency and effectiveness

Our value for money code responsibility requires us to carry out sufficient and relevant work in order to conclude on whether the Authority has put in place proper arrangements to secure economy, efficiency and effectiveness in the use of resources.

The Audit Commission guidance includes 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 determine a local programme of audit work based on our audit risk assessment, informed by these criteria and our statutory responsibilities.

In our Audit Plan presented to you in March 2014, we assessed that the Authority's financial resilience regarding savings plans was an elevated risk. Our approach nationally has been to reconsider the risk of financial resilience at local authorities given the financial outlook in the sector and the Audit Commission's guidance. As a result we have subsequently, reassessed this as a significant risk, due to the material budget gaps identified in the Authority's medium term financial strategy.

We have completed our work, subject to the following outstanding matters:

- completion of our quality review procedures in relation to our Use of Resources conclusion.

Subject to the satisfactory resolution of these matters we expect to issue an unqualified value for money conclusion.

As set out on page 4 above, we have obtained and reviewed the Medium Term Financial Strategy, including the assumptions utilised in identifying any funding gaps arising.

The recurring funding gap identified each year of the MTFS as presented to Cabinet on 5 March 2014 is as follows:

- 2014/15: nil
- 2015/16: £17.6m
- 2016/17: £4.6m
- 2017/18: £1.4m
- 2018/19: £2.5m

The total savings required over the first five years of the MTFS are therefore £26.1m.

Since March 2014, other financial pressures have emerged. As a result the forecast deficit for 2015/16 has increased to £22.0m. Officers are working with Cabinet and the cross party Budget Working Group to develop proposals to deliver a balanced budget.

We have considered and discussed the emerging savings options with officers, in order to understand the current plans to address the funding gap. We note that the plans are at various stages of development.

We have considered the Council's historic record in delivering savings; the monitoring and reporting arrangements in the place and the governance structure in place.

In undertaking this work, we did not identify any matters, in relation to the arrangements in place at the Council to secure financial resilience that would cause us to modify our Use of Resources conclusion. Clearly, however, the ongoing achievement of savings, together with the impact of future financial settlements should remain a key focus for the Council.

Targeted audit work

As part of our work in relation to the criteria “*The organisation has proper arrangements for challenging how it secures economy, efficiency and effectiveness*”, we have reviewed the arrangements the Council has in place regarding the proposed plans for the development of ground mounted solar photovoltaic (PV) panels (solar farms) and wind turbines. The Council’s reporting process has provided an analysis of the financial implications of the solar and wind farms to both Cabinet and the Scrutiny Commission for Rural Communities (during the period from July 2012 to date), to allow Members to scrutinise and challenge financial performance, and to consider the impact of the proposed options.

Based on the work undertaken in relation to this matter, we have not identified anything that will cause us to modify our conclusion on the Council’s arrangements for its use of resources.

Internal controls

Accounting systems and systems of internal control

Management are responsible for developing and implementing systems of internal financial control and to put in place proper arrangements to monitor their adequacy and effectiveness in practice. As auditors, we review these arrangements for the purposes of our audit of the Statement of Accounts and our review of the annual governance statement.

Reporting requirements

We have to report to you any deficiencies in internal control that we found during the audit which we believe should be brought to your attention. As detailed within the accounting issues section of this report, we have identified significant deficiencies within the accounting for property, plant and equipment. These are set out in the table below. We have also identified a significant deficiency in relation to IT general controls which we have previously raised to the attention of the Audit Committee in 2011/12. The Audit Committee accepted the management response at that point in time, however as the issue has not been resolved we are re-raising for the Committee's consideration in the table below.

We will report less significant internal control issues separately to management, agree an action plan where relevant and follow up the matters as part of our audit procedures in 2014/15. This report will also be presented to the Audit Committee.

Summary of significant internal control deficiencies

Deficiency	Recommendation	Management's response
<p>Property, plant and equipment</p> <p>a. Assets under construction</p> <p>Extensions for two schools were treated as assets under construction (AUC) when they had been completed. This resulted in an overstatement of the PP&E balance as the extensions were included within land & buildings as well as AUC. The issue arose due to a breakdown in control, as the Corporate team did not receive the completion certificate for the works to each school and were therefore not aware that the assets should have been transferred out of AUC.</p>	<p>a. The Authority needs to ensure more rigorous monitoring of progress of AUC. We recommend closer liaison between the Corporate team who manage the fixed asset register and the service teams who should be aware of the progress of AUC within their area. A review of all AUC should be performed at year end to confirm whether they have been completed.</p>	<p>Agreed/Not Agreed</p> <p>Action:</p> <p>Owner:</p> <p>Timescale:</p>
<p>b. Instructions to external valuers</p> <p>The Corporate team instruct the external valuers and provide them with a list of assets to be revalued in the year. It has been identified that additional</p>	<p>b. We recommend that the Authority's procedures regarding instructing the external valuers are reviewed and re-issued to the relevant members of staff. This will ensure that appropriate</p>	<p>Agreed/Not Agreed</p> <p>Action:</p> <p>Owner:</p>

An audit of the Statement of Accounts is not designed to identify all matters that may be relevant to those charged with governance. Accordingly, the audit does not ordinarily identify all such matters. We have issued a number of reports during the audit year, detailing the findings from our work and making recommendations for improvement, where appropriate.

<p>instructions had been sent to the valuers and additional assets were revalued that were not requested by the Corporate team. For example, the two schools for which the extensions were included in AUC were valued at 31 March 2014, however the Corporate team did not request these to be revalued. As these assets were complete it was appropriate for the revaluation to be requested however this was not communicated to the Corporate team (hence the assets still being included in AUC). In addition, one asset was identified where the Authority did not own the land, however the external valuer provided a valuation for both the land and building, and the valuation of both was included within the financial statements. The Authority has since removed the land value from the fixed asset register and the financial statements however there is a risk that this could reoccur if appropriate instructions are not given to the external valuer (ie. to only value land owned by the Authority).</p>	<p>instructions are given to the external valuer by only the Corporate team. The list of valuations returned should be checked back to the instructions to ensure a complete list of valuations has been received.</p>	<p>Timescale:</p>
<p>c. Appropriate treatment of assets as REFCUS (revenue expenditure funded from capital under statute)</p> <p>Our testing identified a number of assets which had been capitalised however were no longer owned by the Authority, for example bicycles donated to a family support scheme. These items should have been recorded as REFCUS.</p>	<p>c. The Authority should consider the nature of assets capitalised and ensure treatment as REFCUS as appropriate.</p>	<p>Agreed/Not Agreed Action: Owner: Timescale:</p>
<p>Access to datafiles and super user access to applications</p> <p>Three SERCO employees have access to datafiles and super user access to applications. There is a risk of unauthorised access to high level functionality within the system. Application controls may be overridden and changes made to tables without authorisation/audit trail.</p>	<p>Access to data files should be restricted to non-operational personnel ie. segregation of duties should be maintained between data base access and application access.</p>	<p>Agreed/Not Agreed Action: Owner: Timescale:</p>

Risk of fraud

International Standards on Auditing (UK&I) state that we, as auditors, are responsible for obtaining reasonable assurance that the financial statements taken as a whole are free from material misstatement, whether caused by fraud or error. The respective responsibilities of auditors, management and those charged with governance are summarised below:

Auditors' responsibility

Our objectives are:

- to identify and assess the risks of material misstatement of the financial statements due to fraud;
- to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud, through designing and implementing appropriate responses; and
- to respond appropriately to fraud or suspected fraud identified during the audit.

Management's responsibility

Management's responsibilities in relation to fraud are:

- to design and implement programmes and controls to prevent, deter and detect fraud;
- to ensure that the entity's culture and environment promote ethical behaviour; and
- to perform a risk assessment that specifically includes the risk of fraud addressing incentives and pressures, opportunities, and attitudes and rationalisation.

Responsibility of the Audit Committee

Your responsibility as part of your governance role is:

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

Your views on fraud

In our audit plan presented to the Audit Committee in March 2014 we enquired:

- Whether you have knowledge of fraud, either actual, suspected or alleged, including those involving management?
- What fraud detection or prevention measures (e.g. whistle-blower 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?

In presenting this report to you we ask for your confirmation that there have been no changes to your view of fraud risk and that no additional matters have arisen that should be brought to our attention. A specific confirmation from management in relation to fraud is included in the letter of representation.

Fees update

Fees update for 2013/14

We reported our fee proposals in our plan. We will vary our fee due to additional testing performed in the following areas:

- Assets under construction;
- Valuations of property – assessment of land valued using depreciated replacement cost;
- Physical verification of assets/appropriate disposal of assets;
- Pensions;
- Additional revenue testing;
- Council tax support scheme, including changes to the Academy system;
- Non-domestic rates (where reliance was previously placed on the certification of the National Non Domestic Rates claim) and the appeals provision; and
- Financial resilience criteria.

In our capacity as appointed auditors, we are also required to consider questions and objections raised by local electors. We have been required to undertake additional work to consider matters brought to our attention. These matters and the additional work performed during the audit of the financial statements have been discussed with management and we will be proposing an additional fee and agreeing this with you and the Audit Commission in due course.

Our fee for certification of grants and claims is yet to be finalised for 2013/14 and will be reported to those charged with governance in February 2015 within the Certification Report to Management in relation to 2013/14 grants.

At the time of issuing our Audit Plan, we were in the process of agreeing the final fee for the certification of grants and claims for 2012/13 with the Audit Commission. This has since been agreed and the final fee was £27,807. This compares to our estimated fee for 2012/13 of £30,278, and our actual fee for 2011/12 of £36,300.

Appendices

Appendix 1: Summary of uncorrected misstatements

We found the following misstatements during the audit that have not been adjusted by management. You are requested to consider these formally and determine whether you would wish the accounts to be amended. If the misstatements are not adjusted we will need a written representation from you explaining your reasons for not making the adjustments.

Note that the error we have identified has arisen from our sampling techniques. As such we have split the presentation of this error between i) the actual individual error and ii) the judgemental extrapolation of that error based on the sampled population (shown in the second table in italics).

No	Description of misstatement	Income statement		Balance sheet	
		Dr £'000	Cr £'000	Dr £'000	Cr £'000
	Factual				
i)	Dr income Cr accounts receivable Being an adjustment to remove a duplicate invoice raised in error	4	-	-	4
Total uncorrected misstatements		4	-	-	4

No	Description of misstatement	Income statement		Balance sheet	
		Dr £'000	Cr £'000	Dr £'000	Cr £'000
	Projected				
iii)	<i>Dr income Cr accounts receivable Being an adjustment to remove a duplicate invoice raised in error</i>	<i>380</i>	<i>-</i>	<i>-</i>	<i>380</i>
Total uncorrected misstatements		380	-	-	380

Appendix 2: Letter of representation

PricewaterhouseCoopers LLP

2nd Floor
3 St James court
Whitefriars
Norwich
NR3 1RJ

Dear Sirs

Representation letter – audit of Peterborough City Council’s (the Authority) Statement of Accounts for the year ended 31 March 2014

Your audit is conducted for the purpose of expressing an opinion as to whether the Statement of Accounts of the Authority give a true and fair view of the affairs of the Authority as at 31 March 2014 and of its deficit and cash flows for the year then ended and have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2013/14 supported by the Service Reporting Code of Practice 2013/14.

I acknowledge my responsibilities as Executive Director, Strategic Resources (Chief Financial Officer) for preparing the Statement of Accounts as set out in the Statement of Responsibilities for the Statement of Accounts. I also acknowledge my responsibility for the administration of the financial affairs of the authority and that I am responsible for making accurate representations to you.

I confirm that the following representations are made on the basis of enquiries of other chief officers and members of the Authority with relevant knowledge and experience and, where appropriate, of inspection of supporting documentation sufficient to satisfy myself that I can properly make each of the following representations to you.

I confirm, to the best of my knowledge and belief, and having made the appropriate enquiries, the following representations:

Statement of Accounts

- I have fulfilled my responsibilities for the preparation of the Statement of Accounts in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2013/14 supported by the Service Reporting Code of Practice 2013/14; in particular the Statement of Accounts give a true and fair view in accordance therewith.

- All transactions have been recorded in the accounting records and are reflected in the Statement of Accounts.
- Significant assumptions used by the Authority in making accounting estimates, including those surrounding measurement at fair value, are reasonable.
- All events subsequent to the date of the Statement of Accounts for which the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2013/14 requires adjustment or disclosure have been adjusted or disclosed.
- The effects of uncorrected misstatements are immaterial, both individually and in the aggregate, to the Statement of Accounts as a whole. A list of the uncorrected misstatements is attached to this letter.
- The restatement made to correct a material misstatement in the prior period Statement of Accounts that affects the comparative information has been appropriately accounted for and disclosed in accordance with the requirements of the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2013/14.

Information Provided

- I have taken all the steps that I ought to have taken in order to make myself aware of any relevant audit information and to establish that you, the authority's auditors, are aware of that information.
- I have provided you with:
 - access to all information of which I am aware that is relevant to the preparation of the Statement of Accounts such as records, documentation and other matters, including minutes of the Authority and its committees, and relevant management meetings;
 - additional information that you have requested from us for the purpose of the audit; and
 - unrestricted access to persons within the Authority from whom you determined it necessary to obtain audit evidence.
- So far as I am aware, there is no relevant audit information of which you are unaware.

Accounting policies

I confirm that I have reviewed the Authority's accounting policies and estimation techniques and, having regard to the possible alternative policies and techniques, the accounting policies and estimation techniques selected for use in the preparation of Statement of Accounts are appropriate to give a true and fair view for the authority's particular circumstances.

Fraud and non-compliance with laws and regulations

I acknowledge responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud.

I have disclosed to you:

- the results of our assessment of the risk that the Statement of Accounts may be materially misstated as a result of fraud.
- all information in relation to fraud or suspected fraud that we are aware of and that affects the Authority and involves:
 - management;
 - employees who have significant roles in internal control; or
 - others where the fraud could have a material effect on the Statement of Accounts.
- all information in relation to allegations of fraud, or suspected fraud, affecting the Authority's Statement of Accounts communicated by employees, former employees, analysts, regulators or others.
- all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing Statement of Accounts.

I am not aware of any instances of actual or potential breaches of or non-compliance with laws and regulations which provide a legal framework within which the Authority conducts its business and which are central to the authority's ability to conduct its business or that could have a material effect on the Statement of Accounts.

I am not aware of any irregularities, or allegations of irregularities including fraud, involving members, management or employees who have a significant role in the accounting and internal control systems, or that could have a material effect on the Statement of Accounts.

Related party transactions

I confirm that the attached appendix to this letter is a complete list of the Authority's related parties. All transfer of resources, services or obligations between the Authority and these parties have been disclosed to you, regardless of whether a price is charged. We are unaware of any other related parties, or transactions between disclosed related parties.

Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of Section 3.9 of the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2013/14.

We confirm that we have identified to you all senior officers, as defined by the Accounts and Audit Regulations 2011, and included their remuneration in the disclosures of senior officer remuneration.

Employee Benefits

I confirm that we have made you aware of all employee benefit schemes in which employees of the authority participate.

Contractual arrangements/agreements

Peterborough City Council

All contractual arrangements (including side-letters to agreements) entered into by the Authority have been properly reflected in the accounting records or, where material (or potentially material) to the statement of accounts, have been disclosed to you.

Litigation and claims

I have disclosed to you all known actual or possible litigation and claims whose effects should be considered when preparing the statement of accounts and such matters have been appropriately accounted for and disclosed in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2013/14.

Taxation

I have complied with UK taxation requirements and have brought to account all liabilities for taxation due to the relevant tax authorities whether in respect of any direct tax or any indirect taxes. I am not aware of any non-compliance that would give rise to additional liabilities by way of penalty or interest and I have made full disclosure regarding any Revenue Authority queries or investigations that we are aware of or that are ongoing.

In particular:

- In connection with any tax accounting requirements, I am satisfied that our systems are capable of identifying all material tax liabilities and transactions subject to tax and have maintained all documents and records required to be kept by the relevant tax authorities in accordance with UK law or in accordance with any agreement reached with such authorities.
- I have submitted all returns and made all payments that were required to be made (within the relevant time limits) to the relevant tax authorities including any return requiring us to disclose any tax planning transactions that have been undertaken the authority's benefit or any other party's benefit.
- I am not aware of any taxation, penalties or interest that are yet to be assessed relating to either the authority or any associated company for whose taxation liabilities the authority may be responsible.

Bank accounts

I confirm that I have disclosed all bank accounts to you including those that are maintained in respect of the pension fund.

Subsequent events

There have been no circumstances or events subsequent to the period end which require adjustment of or disclosure in the statement of accounts or in the notes thereto.

Assets and liabilities

- The Authority has no plans or intentions that may materially alter the carrying value and where relevant the fair value measurements or classification of assets and liabilities reflected in the Statement of Accounts.
- In my opinion, on realisation in the ordinary course of the business the current assets in the balance sheet are expected to produce no less than the net book amounts at which they are stated.

- The Authority has no plans or intentions that will result in any excess or obsolete inventory, and no inventory is stated at an amount in excess of net realisable value.
- The Authority has satisfactory title to all assets and there are no liens or encumbrances on the Authority's assets, except for those that are disclosed in the Statement of Accounts.
- I confirm that we have carried out impairment reviews appropriately, including an assessment of when such reviews are required, where they are not mandatory. I confirm that we have used the appropriate assumptions with those reviews.
- Details of all financial instruments, including derivatives, entered into during the year have been made available to you. Any such instruments open at the year-end have been properly valued and that valuation incorporated into the statement of accounts. When appropriate, open positions in off-balance sheet financial instruments have also been properly disclosed in the Statement of Accounts.

Financial Instruments

- All embedded derivatives have been identified and appropriately accounted for under the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2013/14.
- Where hedging relationships have been designated as either firm commitments or highly probable forecast transactions, I confirm that our plans and intentions are such that these relationships qualify as genuine hedge arrangements.
- Where fair values have been assigned to financial instruments, I confirm that the valuation techniques, the inputs to those techniques and assumptions that have been made are appropriate and reflect market conditions at the balance sheet date, and are in line with the business environment in which we operate.

Retirement benefits

- All retirement benefits that the Authority is committed to providing, including any arrangements that are statutory, contractual or implicit in the authority's actions, wherever they arise, whether funded or unfunded, approved or unapproved, have been identified and properly accounted for and/or disclosed.
- All settlements and curtailments in respect of retirement benefit schemes have been identified and properly accounted for.
- The following actuarial assumptions underlying the valuation of retirement benefit scheme liabilities are consistent with my knowledge of the business and in my view would lead to the best estimate of the future cash flows that will arise under the scheme liabilities:

Rate of inflation	2.8%
Rate of Increase in Salaries	4.6%
Rate of Increase of Pensions	2.8%
Discount Rate	4.3%
Longevity at 65 for current pensioners	
Men	22.5
Women	24.5
Longevity at 65 for future pensioners	
Men	24.4
Women	26.9

- The authority participates in the Teachers' Pension Scheme that is a defined benefit scheme. I confirm that the authority's share of the underlying assets and liabilities of this scheme cannot be identified and as a consequence the scheme has been accounted for as a defined contribution scheme.

Using the work of experts

I agree with the findings of Wilks, Head and Eve, experts in evaluating the valuation of property and have adequately considered the competence and capabilities of the experts in determining the amounts and disclosures used in the preparation of the Statement of Accounts and underlying accounting records. The Authority did not give or cause any instructions to be given to experts with respect to the values or amounts derived in an attempt to bias their work, and I am not otherwise aware of any matters that have had an impact on the objectivity of the experts.

Other matters

I have taken appropriate legal advice to satisfy myself that the accounting treatment adopted for the Local Authority Mortgage Scheme does not contravene the requirements of the Local Authorities (Capital Finance and Accounting) (England) Regulations 2003.

As minuted by the Audit Committee at its meeting on 22 September 2014

.....
 Executive Director, Strategic Resources
 For and on behalf of Peterborough City Council

Date

Representation Letter - Appendix 1 - Related parties and related party transactions

Cambridgeshire Police and Crime Panel	Residents of Ravensthorpe
Combined Fire Authority	Riverside Residents Association
Community Cohesion Partnership	South Bretton Community Association
Greater Peterborough Partnership Executive Board	South Grove Community Association
Safer Peterborough Partnership	Southfields Community Association
Local Government Association	Stanground Community Association
Local Government Association - Rural Commission	Walton Community Association
Local Government Association - Urban Commission	Werrington Community Association
East of England Regulatory Services Partnership	Werrington Neighbourhood Council
Eastern Shires Purchasing Organisation (ESPO)	Westwood and Ravensthorpe Community Association (Stafford Hall Management Committee)
Great Fen Project Steering Committee	Woodston Community Association (Belsize Centre)
Greater Cambridgeshire Greater Peterborough Local Transport Body	Barn Youth Centre
Greater Cambridgeshire Local Nature Partnership Board	Bedford Hall (Thorney Community Association)
Local Government Employers Panel	Copeland Community Centre (Copeland Community Association)
Regional Transport Forum	Atlantis Furniture
Cambridgeshire and Peterborough Road Safety Forum	Broadway Properties
Cambridgeshire and Peterborough Waste Partnership (Recap Board) - formerly Waste and Environment Forum	Bromco Property Rentals Limited
Cross Keys Homes Board	Cap Radio Production & Media Buying Services Ltd
Greater Cambridge and Greater Peterborough Local Enterprise Partnership	Cereste Consultancy
Opportunity Peterborough Audit Committee	Cereste Holdings Ltd
Opportunity Peterborough Board	Cereste Property Holdings
Pensions Committee - Cambridgeshire County Council	CJH Electrical - Electrical Contracting
Peterborough and Stamford NHS Foundation Trust	DMK Management LTD
Peterborough Museum and Art Gallery	Energy Park Investment Ltd
Standing Advisory Committee for Religious Education	Energy Park Peterborough Ltd
University Board	Eye Care Club
Vivacity - Peterborough Culture and Leisure Trust	Green Energy Park Consulting Ltd
Anglian Northern Regional Flood and Coastal Committee - Environment Agency	Green Energy Parks Ltd
Cresset - Council of Management	Haris Properties Limited
Inspire Peterborough Board	JE & VM Dalton Ltd

Nene Park Trust	M Nadeem and M Yousaf Properties
North Level Internal Drainage Board	M.J Immigration
Peterborough Association for the Blind	Mint Consulting Peterborough
Peterborough Cathedral Trust	Nadeem Constuction LTD
Peterborough Racial Equality Council	Nadeem Properties
Peterborough Workspace	NM Creations Ltd
Railworld	Opportunity Peterborough Ltd
Welland and Deeping Internal Drainage Board	Peterborough Environment City Trust
Charity consisting of cups etc of former 336 Field Battery RA (TA) Board of Trustees	Peterborough Fishing & Mailing Services Ltd
Dogsthorpe Landfill Local Liaison Committee	Peterborough Italian Social Club Ltd
Eye Quarry Local Liaison Committee	Peterborough Regional College
James Bradfield Trust (Helpston)	Peterborough Renewable Energy Ltd
Maxey Quarry Liaison Committee	Prestige Classic Cars
Pode Hole Quarry Local Liaison Committee	Prestige Transport Logistics Limited
Thornhaugh 1 Local Liaison Committee	Prime Properties Peterborough
Dogsthorpe Community Association	Renewable Energy Parks Ltd
East Community Association	Renewable Technology Consultants Ltd
Gladstone District	Russell Street Developments
Glington Community Association	Saxon Antiques
Italian Community Association	Sheila Scott (Consultancy)
Longthorpe Community Association	St Josephs Day Nursery Ltd
Millfield and New England Regeneration Partnership	Train 2B Limited
Millfield Community Association	Windtech Solutions Ltd
Newborough and Borough Fen Community Association	Worldwide Travel Training
North Bretton Community Association	Yasmeen Maqbool Ehsaas Consultants
Northborough Community Association	
Pakistan Community Association	
Paston and Gunthorpe Community Association	

Representation Letter - Appendix 2 – Summary of uncorrected misstatements

No	Description of misstatement	Income statement		Balance sheet	
		Dr £'000	Cr £'000	Dr £'000	Cr £'000
	Factual				
1i)	Dr income Cr accounts receivable Being an adjustment to remove a duplicate invoice raised in error	4	-	-	4
Total uncorrected misstatements		4	-	-	4

No	Description of misstatement	Income statement		Balance sheet	
		Dr £'000	Cr £'000	Dr £'000	Cr £'000
	Projected				
1ii)	Dr income Cr accounts receivable Being an adjustment to remove a duplicate invoice raised in error	380	-	-	380
Total uncorrected misstatements		380	-	-	380

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In the event that, pursuant to a request which Peterborough City Council 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. Peterborough City Council agrees to pay due regard to any representations which PwC may make in connection with such disclosure and Peterborough City Council shall apply any relevant exemptions which may exist under the Act to such report. If, following consultation with PwC, Peterborough City Council discloses this report or any part thereof, it shall ensure that any disclaimer which PwC has included or may subsequently wish to include in the information is reproduced in full in any copies disclosed.

This document has been prepared only for Peterborough City Council and solely for the purpose and on the terms agreed through our contract with the Audit Commission. We accept no liability (including for negligence) to anyone else in connection with this document, and it may not be provided to anyone else.

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