Annual governance report
London Borough of Barking and Dagenham Pension Fund
Audit 2011/12
Contents

Key messages 3
Before I give my opinion 4
Financial statements 5
Fees 9
Appendix 1 – Draft independent auditor’s report 10
Appendix 2 – Amendments to the draft financial statements 15
Appendix 3 – Draft letter of management representation 16
Appendix 4 – Glossary 18
Appendix 5 – Action plan 21
Key messages

This report summarises the findings from my 2011/12 audit of the Pension Fund financial statements which is substantially complete.

As at 28 September 2012 I expect to issue an unqualified audit opinion.

Management have amended the financial statements for the errors identified during the audit. The impact of three amendments to the Pension Fund Account is to change the reported decrease in net assets from £8k to £110k.

I found that the Pension Fund is not at present using a separate Pension Fund bank account.
Before I give my opinion

My report includes only matters of governance interest that have come to my attention in performing my audit. I have not designed my audit to identify all matters that might be relevant to you.

Independence

I can confirm that I have complied with the Auditing Practices Board's ethical standards for auditors, including ES 1 (revised) - Integrity, Objectivity and Independence.

I am not aware of any relationships that may affect the independence and objectivity of the Audit Commission, the audit team or me, that I am required by auditing and ethical standards to report to you.

The Audit Commission's Audit Practice has not undertaken any non-audit work for the Pension Fund during 2011/12.

I ask the PAASC to:

- take note of the adjustments to the financial statements included in this report (appendix 2);
- approve the letter of representation (appendix 3), on behalf of the Pension Fund before I issue my opinion; and
- agree your response to the proposed action plan (appendix 5).
Financial statements

The Pension Fund’s financial statements are an important mechanism for the Pension Fund to account for its stewardship of public funds. As Members you have final responsibility for these statements. It is important that you consider my findings before you adopt the financial statements.

Opinion on the financial statements

Subject to satisfactory clearance of outstanding matters, I plan to issue an audit report including an unqualified opinion on the financial statements included within the Authority’s Statement of Accounts [and the financial statements included within the Pension Fund Annual Report]. Appendix 1 contains a copy of my draft audit report. Work on the following areas is not yet complete:

- Review of a revised set of Accounts.

Errors in the financial statements

I found a material error within the Net Assets Statement and the related note 20 on Financial Instruments. The 2011/12 Pooled Investment Vehicle (PIV) figures and the 2010/11 comparative figures were misclassified. The 2011/12 PIV figures were stated as PIV-property £99,023K and PIV other £43,535K and the correct classification is PIV-property £51,877K and PIV other £90,681K.

The 2010/11 comparative figures were misstated as PIV-property £91,007K and PIV other £48,290K and the correct classification is PIV-property £47,968K and PIV other £91,329K.

The error does not impact the ‘bottom-line’.

There were some non-trivial errors which do impact the bottom line of the pension fund account. Two errors were found in the transfers-out balance, the opening balance figure had been understated by £229K and the closing balance figure overstated by £373K. The net impact is an overstatement.
of £144K. Consequently, there is an overstatement of creditors by the same amount. In addition, investment income is overstated by £247K, due to a contingent liability being accounted for as equity dividends.

Appendix 2 summarises these errors.

There are no uncorrected errors.

**Significant risks and my findings**

I reported to you in my Audit Plan the significant risks that I identified relevant to my audit of your financial statements. In Table 2 I report to you my findings against each of these risks.

<table>
<thead>
<tr>
<th>Risk</th>
<th>Finding</th>
</tr>
</thead>
<tbody>
<tr>
<td>Actuarial present value of retirement benefits</td>
<td>I have reviewed management’s arrangements for instructing the actuary and evaluated the controls over information provided to the actuary. I also carried out substantive tests on the data provided to the actuary and the accounting entries relating to the actuarial present value of retirement. There are no matters I need to report to you.</td>
</tr>
<tr>
<td>Reconciliations</td>
<td>I reviewed the Authority’s reconciliation process before the audit to ensure procedures for the year end were adequate. I found improvements in the reconciliation process had been made.</td>
</tr>
</tbody>
</table>

**Significant weaknesses in internal control**

It is the responsibility of the Pension Fund to develop and implement systems of internal financial control and to put in place proper arrangements to monitor their adequacy and effectiveness in practice. My responsibility as your auditor is to consider whether the Pension Fund has put adequate arrangements in place to satisfy itself that the systems of internal financial control are both adequate and effective in practice.
I have tested the controls of the Pension Fund only to the extent necessary for me to complete my audit. I am not expressing an opinion on the overall effectiveness of internal control.

The following weaknesses in internal control are only those I have identified during the audit that are relevant to preparing the financial statements.

Table 1: Internal control issues and my findings

<table>
<thead>
<tr>
<th>Description of weakness</th>
<th>Potential impact</th>
<th>Management action</th>
</tr>
</thead>
<tbody>
<tr>
<td>I found limited evidence that the data provided to the actuary was being reviewed before submission.</td>
<td>There is a risk of inaccurate or incomplete data being submitted. This could result in the actuarial present value of future retirement benefits being misstated.</td>
<td>Management to review data submitted to the actuary to confirm it is complete and accurate.</td>
</tr>
<tr>
<td>I found weaknesses in the interface between the payroll system and the General Ledger (GL).</td>
<td>I was unable to reconcile the total pension payments per payroll with the pension payment amount in the GL. Other audit procedures provided the assurances I required.</td>
<td>Management to review the interface between the payroll and GL systems to ensure no miscodings occur.</td>
</tr>
<tr>
<td>Reconciliations were not being prepared on a regular basis, although this improved by the end of the year.</td>
<td>Where reconciliations are not prepared on a regular basis, this could lead to errors not being picked-up until the year-end.</td>
<td>Management to prepare regular reconciliations between the feeder systems as part of the overall control framework.</td>
</tr>
</tbody>
</table>

Given the weaknesses noted above I have been unable to place reliance on certain controls and have had to undertake additional substantive testing.

**Recommendations**

- **R1** Review the way pension payments are attributed to GL codes, to reduce the risk of miscoding.
- **R2** Maintain evidence of management review of data, before it is submitted to the actuary.
- **R3** Prepare reconciliations between feeder systems on a regular basis.
Other matters

I am required to communicate to you findings from the audit and other matters that are significant to your oversight of the Pension Fund’s financial reporting process including the following.

- Qualitative aspects of your accounting practices
- Matters specifically required by other auditing standards to be communicated to those charged with governance. For example, issues about fraud, compliance with laws and regulations, external confirmations and related party transactions.
- Other audit matters of governance interest

Pension Fund is not using an independent bank account

The Authority has not operated a separate bank account for the Pension Fund. This is despite the setting up of a separate Pension Fund bank account, as required by Regulation 6 of Local Government Pension Scheme Regulation 2009. There is a risk that Pension Fund monies may not be correctly accounted for within the Authority’s overall balances, although I have no evidence of this in 2011/12.

Presentation and preparation of the accounts

During the course of the audit I found instances where the accounting disclosures were not in line with the requirements of the Code. For example in the first version of the accounts, the contents of the Net Asset Statement were not fully disclosed. In addition, the Financial Instruments note was incomplete and debtors and creditors were not disclosed in line with the Whole of Government Accounts (WGA) categories. All incomplete disclosures have now been corrected and the accounts are now fully inline with the Code.

Pension Fund Annual Report

Alongside my work on the financial statements, I also review and report on the statements included in the Annual Report. At the time of writing, my audit work on this is in progress. I anticipate finishing this work by the time I issue my opinion on the Authority’s financial statements.
Fees

I reported my planned audit fee in the Audit Plan.

I will complete the audit within the planned fee.

Table 2: Fees

<table>
<thead>
<tr>
<th></th>
<th>Planned fee 2011/12 (£)</th>
<th>Expected fee 2011/12 (£)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Audit</td>
<td>35,000</td>
<td>35,000</td>
</tr>
<tr>
<td>Non-audit work</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Total</td>
<td>35,000</td>
<td>35,000</td>
</tr>
</tbody>
</table>
INDEPENDENT AUDITOR’S REPORT TO THE MEMBERS OF THE LONDON BOROUGH OF BARKING AND DAGENHAM

Opinion on the financial statements

I have audited the financial statements the London Borough of Barking and Dagenham for the year ended 31 March 2012 under the Audit Commission Act 1998. The financial statements comprise the Authority and Group Movement in Reserves Statement, the Authority and Group Comprehensive Income and Expenditure Statement, the Authority and Group Balance Sheet, the Authority and Group Cash Flow, the Housing Revenue Account Income and Expenditure Statement, the Movement on the Housing Revenue Account Statement and Collection Fund and the related notes. The financial reporting framework applied to their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2011/12.

This report is made solely to the members of the London Borough of Barking and Dagenham in accordance with Part II of the Audit Commission Act 1998 and for no other purpose, as set out in paragraph 48 of the Statement of Responsibilities of Auditors and Audited Bodies published by the Audit Commission in March 2010.

Respective responsibilities of the Corporate Director of Finance and Resources auditor

As explained more fully in the Statement of the Corporate Director of Finance and Resources is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom, and for being satisfied that they give a true and fair view. My responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require me to comply with the Auditing Practices Board’s Ethical Standards for Auditors.
Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Authority and Group’s circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Corporate Director of Finance and Resources and the overall presentation of the financial statements. In addition, I read all the financial and non-financial information in the explanatory foreword to identify material inconsistencies with the audited financial statements. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my report.

Opinion on financial statements

In my opinion the financial statements:

- give a true and fair view of the financial position of the London Borough of Barking and Dagenham as at 31 March 2012 and of its expenditure and income for the year then ended;
- give a true and fair view of the financial position of the Group as at 31 March 2012 and of its expenditure and income for the year then ended; and
- have been prepared properly in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2011/12.

Opinion on other matters

In my opinion, the information given in the explanatory foreword for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which I report by exception

I report to you if:

- in my opinion the annual governance statement does not reflect compliance with ‘Delivering Good Governance in Local Government: a Framework’ published by CIPFA/SOLACE in June 2007;
- I issue a report in the public interest under section 8 of the Audit Commission Act 1998;
- I designate under section 11 of the Audit Commission Act 1998 any recommendation as one that requires the Authority to consider it at a public meeting and to decide what action to take in response; or
- I exercise any other special powers of the auditor under the Audit Commission Act 1998.

I have nothing to report in these respects
Opinion on the pension fund financial statements

I have audited the pension fund financial statements for the year ended 31 March 2012 under the Audit Commission Act 1998. The pension fund financial statements comprise the Fund Account, the Net Assets Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2011/12.

This report is made solely to the members of the London Borough of Barking and Dagenham in accordance with Part II of the Audit Commission Act 1998 and for no other purpose, as set out in paragraph 48 of the Statement of Responsibilities of Auditors and Audited Bodies published by the Audit Commission in March 2010.

Respective responsibilities of the Corporate Director of Finance and Resources and auditor

As explained more fully in the Statement of the Corporate Director of Finance and Resources Responsibilities, is responsible for the preparation of the Authority and Group's Statement of Accounts, which includes the pension fund's financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom, and for being satisfied that they give a true and fair view. My responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require me to comply with the Auditing Practices Board’s Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the fund’s circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Corporate Director of Finance and Resources and the overall presentation of the financial statements. In addition, I read all the financial and non-financial information in the explanatory foreword to identify material inconsistencies with the audited financial statements. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my report.

Opinion on financial statements

In my opinion the pension fund’s financial statements:

• give a true and fair view of the financial transactions of the pension fund during the year ended 31 March 2012 and the amount and disposition of the fund’s assets and liabilities as at 31 March 2012; and

• have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2011/12.

Opinion on other matters

In my opinion, the information given in the explanatory foreword for the financial year for which the financial statements are prepared is consistent with the financial statements.
Conclusion on Authority’s arrangements for securing economy, efficiency and effectiveness in the use of resources

Respective responsibilities of the Authority and the auditor

The Authority is responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources, to ensure proper stewardship and governance, and to review regularly the adequacy and effectiveness of these arrangements.

I am required under Section 5 of the Audit Commission Act 1998 to satisfy myself that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The Code of Audit Practice issued by the Audit Commission requires me to report to you my conclusion relating to proper arrangements, having regard to relevant criteria specified by the Audit Commission.

I report if significant matters have come to my attention which prevent me from concluding that the Authority has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources. I am not required to consider, nor have I considered, whether all aspects of the Authority’s arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

Scope of the review of arrangements for securing economy, efficiency and effectiveness in the use of resources

I have undertaken my audit in accordance with the Code of Audit Practice, having regard to the guidance on the specified criteria, published by the Audit Commission in October 2011, as to whether the Authority has proper arrangements for:

- securing financial resilience; and
- challenging how it secures economy, efficiency and effectiveness.

The Audit Commission has determined these two criteria as those necessary for me to consider under the Code of Audit Practice in satisfying myself whether the Authority put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2012.

I planned my work in accordance with the Code of Audit Practice. Based on my risk assessment, I undertook such work as I considered necessary to form a view on whether, in all significant respects, the Authority had put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

Conclusion

On the basis of my work, having regard to the guidance on the specified criteria published by the Audit Commission in October 2011, I am satisfied that, in all significant respects the London Borough of Barking and Dagenham put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2012.
Delay in certification of completion of the audit

I cannot formally conclude the audit and issue an audit certificate until I have completed the work necessary to issue my assurance statement in respect of the authority’s Whole of Government Accounts consolidation pack. I am satisfied that this work does not have a material effect on the financial statements or on my value for money conclusion.

Jon Hayes
District Auditor
Audit Commission, 1st Floor, Millbank Tower, Millbank, London SW1P 4HQ
28 September 2012
Appendix 2 – Amendments to the draft financial statements

I identified the following errors during the audit which management have addressed in the revised financial statements.

<table>
<thead>
<tr>
<th>Item of account</th>
<th>Nature of error</th>
<th>Dr £'000s</th>
<th>Cr £'000s</th>
</tr>
</thead>
<tbody>
<tr>
<td>Transfers Out</td>
<td>Transfers figure removed from previous year through an audit adjustment, has not been included in the Transfers Out amount in the current year account. Resulting in the Transfers Out amount being understated.</td>
<td></td>
<td>229</td>
</tr>
<tr>
<td>Retained Earnings</td>
<td></td>
<td>229</td>
<td></td>
</tr>
<tr>
<td>Creditors</td>
<td>Transfers Outs have been incorrectly accounted for on an accruals basis. Only transfers paid should be accounted for in the current year. Adjustment is required to remove all Transfers Out creditors.</td>
<td>373</td>
<td></td>
</tr>
<tr>
<td>Transfers Out</td>
<td></td>
<td>373</td>
<td></td>
</tr>
<tr>
<td>Investment income (Equity Dividends)</td>
<td>Investment income incorrectly includes a contingent liability as dividend income. An adjustment is required to remove this amount from investment income and debtors and to re-disclose the amount as a contingent liability in the notes to the accounts.</td>
<td>247</td>
<td></td>
</tr>
<tr>
<td>Debtors (Other Investment Balances – dividend receivable)</td>
<td></td>
<td>247</td>
<td></td>
</tr>
</tbody>
</table>
Appendix 3 – Draft letter of management representation

London Borough of Barking and Dagenham Pension Fund - Audit for the year ended 31 March 2012

I confirm to the best of my knowledge and belief, having made appropriate enquiries of other officers of London Borough of Barking and Dagenham, the following representations given to you in connection with your audit of the Pension Fund’s financial statements for the year ended 31 March 2012.

Compliance with the statutory authorities

I have fulfilled my responsibility under the relevant statutory authorities for preparing the financial statements in accordance with the Accounts and Audit (England) Regulations 2011 and the Code of Practice on Local Authority Accounting in the United Kingdom which give a true and fair view of the financial position and financial performance of the Pension Fund, for the completeness of the information provided to you, and for making accurate representations to you.

Supporting records

I have made available all relevant information and access to persons within the Pension Fund for the purpose of your audit. I have properly reflected and recorded in the financial statements all the transactions undertaken by the Pension Fund.

Irregularities

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

I also confirm that I have disclosed:

- my knowledge of fraud, or suspected fraud, involving either management, employees who have significant roles in internal control or others where fraud could have a material effect on the financial statements;
- my knowledge of any allegations of fraud, or suspected fraud, affecting the entity’s financial statements communicated by employees, former employees, analysts, regulators or others; and
- the results of our assessment of the risk the financial statements may be materially misstated as a result of fraud.
Law, regulations, contractual arrangements and codes of practice

I have disclosed to you all known instances of non-compliance, or suspected non-compliance with laws, regulations and codes of practice, whose effects should be considered when preparing financial statements.

Transactions and events have been carried out in accordance with law, regulation or other authority. The Pension Fund has complied with all aspects of contractual arrangements that could have a material effect on the financial statements in the event of non-compliance.

All known actual or possible litigation and claims, whose effects should be considered when preparing the financial statements, have been disclosed to the auditor and accounted for and disclosed in accordance with the applicable financial reporting framework.

Accounting estimates including fair values

I confirm the reasonableness of the significant assumptions used in making the accounting estimates, including those measured at fair value.

Related party transactions

I confirm that I have disclosed the identity of the Pension Fund’s related parties and all the related party relationships and transactions of which I am aware. I have appropriately accounted for and disclosed such relationships and transactions in accordance with the requirements of the Code.

Subsequent events

I have adjusted for or disclosed in the financial statements all relevant events subsequent to the date of the financial statements.

Signed on behalf of London Borough of Barking and Dagenham Pension Fund

I confirm that this letter has been discussed and agreed by the Public Accounts and Audit Sub-Committee on 27 September 2012

Signed
Name
Position
Date
Appendix 4 – Glossary

**Annual Audit Letter**
Letter issued by the auditor to the Pension Fund after the completion of the audit that summarises the audit work carried out in the period and significant issues arising from auditors' work.

**Annual Governance Report**
The auditor’s report on matters arising from the audit of the financial statements presented to those charged with governance before the auditor issues their opinion.

**Audit of the accounts**
The audit of the accounts of an audited body comprises all work carried out by an auditor under the Code to meet their statutory responsibilities under the Audit Commission Act 1998.

**Audited body**
A body to which the Audit Commission is responsible for appointing the external auditor.

**Auditing Practices Board (APB)**
The body responsible in the UK for issuing auditing standards, ethical standards and associated guidance to auditors. Its objectives are to establish high standards of auditing that meet the developing needs of users of financial information and to ensure public confidence in the auditing process.

**Auditing standards**
Pronouncements of the APB that contain basic principles and essential procedures with which auditors must comply, except where otherwise stated in the auditing standard concerned.

**Auditor(s)**
Auditors appointed by the Audit Commission.
Code (the)
The Code of Audit Practice for local government bodies issued by the Audit Commission and approved by Parliament.

Commission (the)
The Audit Commission for Local Authorities and the National Health Service in England.

Ethical Standards
Pronouncements of the APB that contain basic principles relating to independence, integrity and objectivity that apply to the conduct of audits and with which auditors must comply, except where otherwise stated in the standard concerned.

Financial statements
The annual statement of accounts that the Pension Fund is required to prepare, which report the financial performance and financial position of the Pension Fund in accordance with the Accounts and Audit (England) Regulations 2011 and the Code of Practice on Local Authority Accounting in the United Kingdom.

Internal control
The whole system of controls, financial and otherwise, that the Pension Fund establishes to provide reasonable assurance of effective and efficient operations, internal financial control and compliance with laws and regulations.

Materiality
The APB defines this concept as ‘an expression of the relative significance or importance of a particular matter in the context of the financial statements as a whole. A matter is material if its omission would reasonably influence the decisions of an addressee of the auditor’s report; likewise a misstatement is material if it would have a similar influence. Materiality may also be considered in the context of any individual primary statement within the financial statements or of individual items included in them. Materiality is not capable of general mathematical definition, as it has both qualitative and quantitative aspects’.

The term ‘materiality’ applies only to the financial statements. Auditors appointed by the Commission have responsibilities and duties under statute, as well as their responsibility to give an opinion on the financial statements, which do not necessarily affect their opinion on the financial statements.

Pension Fund Annual Report
The annual report, including financial statements, that the Pension Fund must publish under Regulation 34 of the Local Government Pension Scheme (Administration) Regulations 2008.
Significance

The concept of ‘significance’ applies to these wider responsibilities and auditors adopt a level of significance that may differ from the materiality level applied to their audit of the financial statements. Significance has both qualitative and quantitative aspects.

Those charged with governance

Those entrusted with the supervision, control and direction of the Pension Fund. This term includes the members of the Authority, [the Pension Panel] and the Audit Committee.
### Appendix 5 – Action plan

<table>
<thead>
<tr>
<th>Recommendations</th>
<th>Recommendation 1</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Review the way pension payments are attributed to GL codes, to reduce the risk of miscoding.</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Date</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Comments</strong></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Recommendations</th>
<th>Recommendation 2</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Maintain evidence of management review of data, before it is submitted to the actuary</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Responsibility</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Priority</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Date</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Comments</strong></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Recommendations</th>
<th>Recommendation 3</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Prepare reconciliations between feeder systems on a regular basis.</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Responsibility</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Priority</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Date</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Comments</strong></td>
<td></td>
</tr>
</tbody>
</table>
The Statement of Responsibilities of Auditors and Audited Bodies issued by the Audit Commission explains the respective responsibilities of auditors and of the audited body. Reports prepared by appointed auditors are addressed to non-executive directors, members or officers. They are prepared for the sole use of the audited body. Auditors accept no responsibility to:

- any director/member or officer in their individual capacity; or
- any third party.