



INFRASTRUCTURE, GOVERNMENT AND
HEALTHCARE

External Audit: Audit
Memorandum – Report
to those charged with
governance

Bracknell Forest Borough
Council

September 2007

AUDIT

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<p>This report is addressed to the Council and has been prepared for the sole use of the Council. We take no responsibility to any member of staff acting in their individual capacities, or to third parties. The Audit Commission has issued a document entitled Statement of Responsibilities of Auditors and Audited Bodies. This summarises where the responsibilities of auditors begin and end and what is expected from the audited body. We draw your attention to this document.</p> <p>External auditors do not act as a substitute for the audited body's own responsibility for putting in place proper arrangements to ensure that public business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively.</p> <p>If you have any concerns or are dissatisfied with any part of KPMG's work, in the first instance you should contact Greg McIntosh who is the engagement director to the Council, telephone 020 7311 6449 email greg.mcintosh@kpmg.co.uk who will try to resolve your complaint. If you are dissatisfied with your response please contact Trevor Rees on 0161 246 4000, email trevor.rees@kpmg.co.uk, who is the national contact partner for all of KPMG's work with the Audit Commission. After this, if you still dissatisfied with how your complaint has been handled you can access the Audit Commission's complaints procedure. Put your complaint in writing to the Complaints Team, Nicholson House, Lime Kiln Close, Stoke Gifford, Bristol, BS34 8SU or by e mail to: complaints@audit-commission.gov.uk. Their telephone number is 0844 798 3131, textphone (minicom) 020 7630 0421.</p>		

Purpose of this document

The Audit Commission's Code of Audit Practice (the Code) requires us to provide a summary of the work we have carried out to discharge our statutory audit responsibilities together with any governance issues we have identified. We report to those charged with governance (in this case the Executive).

We are also required to comply with an International Standard on Auditing which sets out our responsibilities for communicating with those charged with governance (ISA260).

This report meets the requirements of the Code and the ISA260. It summarises, for the benefit of the Executive of Bracknell Forest Borough Council (the Council), the key issues identified during the course of our audit of the financial statements for the year ended 31 March 2007. It has been prepared for presentation to the Executive on 18 September 2007.

This report does not duplicate significant matters previously communicated to those charged with governance. A summary of the reports issued in the year to date is set out in Appendix 6. Once we have finalised our opinions and conclusions we will prepare our Annual Audit and Inspection Letter (jointly with your Audit Commission Relationship Manager) to close our audit work for the 2006/07 year.

Respective responsibilities of the appointed auditor and the audited body*Use of Resources*

The Council is responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources and regularly reviewing the adequacy and effectiveness of these arrangements.

Our responsibility is to satisfy ourselves that the Council has put in place proper arrangements by reviewing and, where appropriate, examining evidence that is relevant to its corporate performance management, and also its financial management arrangements and reporting on these arrangements.

Based upon this we have concluded that the Council has made proper arrangements to secure economy, efficiency and effectiveness in its use of resources. Our findings are set out in more detail in section two of this report and our proposed conclusion is set out in Appendix 1.

Accounts and Statement on Internal Control

The Council is responsible for putting into place systems of internal control to ensure the regularity and lawfulness of transactions, to maintain proper accounting records and to prepare financial statements that present fairly its financial position and its expenditure and income for the relevant financial year. The Council is also responsible for preparing and publishing with its financial statements a statement on internal control.

We have not identified any issues in the course of the audit that are considered to be material. We therefore propose to issue an unqualified audit opinion. Our findings are set out in more detail in section three of this report and our proposed opinion on the accounts is presented in Appendix 2.

Reports

We have a duty under section 8 of the Audit Commission Act 1998 to consider whether, in the public interest, to report on any matter that comes to their attention in the course of the audit in order for it to be considered by the body concerned or brought to the attention of the public.

We did not issue a report in the public interest in 2006/07.

Certificate

We are required to certify that we have completed the audit of the accounts in accordance with the requirements of the Audit Commission Act 1998 and the Code of Audit Practice. If there are any circumstances under which we cannot issue a certificate, then we are required to report them to those charged with governance and to issue a draft opinion on the financial statements.

There are no issues that have come to our attention during the course of the audit that would cause us to delay the issue of our certificate of completion of the audit.

Section two
Introduction

Audit status

At the date of issue of this memorandum our detailed audit work is substantially complete.
We now require from you a signed management representation letter, as set out in Appendix 9.

Declaration of independence and objectivity

In relation to the audit of the financial statements of Bracknell Forest Borough Council for the financial year ending 31 March 2007, we confirm that there were no relationships between KPMG LLP and the Council, its directors and senior management and its affiliates that we consider may reasonably be thought to bear on the objectivity and independence of the audit engagement lead and audit staff. We also confirm that we have complied with Ethical Standards and the Audit Commission’s requirements in relation to independence and objectivity.

We have set out a more detailed declaration of our independence and objectivity in Appendix 7 in accordance with ISA 260.

Fees

Our fee for the audit is £155k. This has been contained within the totals agreed with you in our audit plan. We have not performed any other non-audit work.

Use of resources

We are required to be satisfied that you have put proper arrangements in place to secure economy, efficiency and effectiveness in your use of resources. We reach this conclusion by considering the arrangements that you have in place against each of the Code of Audit Practice (Code) criteria and how effectively they have operated throughout the year. Based upon this we have concluded that the Council has made proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

Introduction

Within our audit plan we outlined the various work streams we use to assess whether you have appropriate arrangements in place to ensure that your resources are deployed effectively. Our overall assessment has been based on your self assessment, our cumulative audit knowledge and specific work undertaken to assess adequacy of arrangements.

Conclusion on arrangements for securing value for money

Our assessment considers the arrangements that you have in place against specific criteria developed by the Audit Commission under the Code of Audit Practice. We have set these out below, along with our assessment of whether we believe that your arrangements in these areas are adequate. We have not raised any further performance improvement observations in this area.

Corporate performance & financial management arrangements	Code criteria	Adequate arrangements in place?
Arrangements for establishing strategic & operational objectives. Arrangements for determining policy & making decisions.	1. The body has put in place arrangements for setting, reviewing and implementing its strategic and operational objectives.	✓
Arrangements for ensuring that services meet the needs of users & taxpayers & for engaging with the wider community.	2. The body has put in place channels of communication with service users and other stakeholders including partners, and there are monitoring arrangements to ensure that key messages about services are taken into account.	✓
Arrangements for monitoring & reviewing performance, including arrangements to ensure data quality.	3. The body has put in place arrangements for monitoring and scrutiny of performance, to identify potential variances against strategic objectives, standards and targets, for taking action where necessary, and reporting to members.	✓
	4. The body has put in place arrangements to monitor the quality of its published performance information, and to report the results to members.	✓
Arrangements for ensuring compliance with established policies, procedures, laws & regulations.	5. The body has put in place arrangements to maintain a sound system of internal control.	✓
Arrangements for identifying, evaluating & managing operational & financial risks & opportunities, including those arising from involvement in partnerships & joint working	6. The body has put in place arrangements to manage its significant business risks.	✓

Use of resources

Corporate performance & financial management arrangements	Code criteria	Adequate arrangements in place?
Arrangements for ensuring compliance with the general duty of best value	7. The body has put in place arrangements to manage and improve value for money.	✓
Arrangements for managing its financial & other resources, including arrangements to safeguard the financial standing of the audited body.	8. The body has put in place a medium-term financial strategy, budgets and a capital programme that are soundly based and designed to deliver its strategic priorities.	✓
Arrangements for managing its financial & other resources, including arrangements to safeguard the financial standing of the audited body.	9. The body has put in place arrangements to ensure that its spending matches its available resources.	✓
Arrangements for managing its financial & other resources, including arrangements to safeguard the financial standing of the audited body.	10. The body has put in place arrangements for managing performance against budgets.	✓
	11. The body has put in place arrangements for the management of its asset base.	✓
Arrangements for ensuring that the audited body's affairs are managed in accordance with proper standards of conduct, & to prevent & detect fraud & corruption	12. The body has put in place arrangements that are designed to promote and ensure probity and propriety in the conduct of its business.	✓

Use of Resources Assessment

We have set out below the results of your 2006/07 Use of Resources Assessment, the results of which contribute to the value for money opinion we give you.

Key line of enquiry	Score	How findings have been reported
Financial Reporting	3	This work was undertaken in September 2006 and the score finalised in January 2007, with a report to management in February 2007.
Financial Management	3	
Financial Standing	3	
Internal Control	3	
Value for Money	3	

The results of the assessment indicate that you are performing consistently above the minimum requirements.

Other work

If we are asked to do so, or if we identify a need for it, as auditors we are expected to perform other work as necessary to meet our responsibilities under the Audit Code of Practice. During 2006/07, we did not undertake any such work.

Accounts and Statement on Internal Control

We have now completed the audit in line with the deadline. We have not identified any issues in the course of the audit that are considered to be material. On receiving your management representations letter we therefore propose to issue an unqualified audit opinion on 28 September 2007. We have also provided you with a summary of the accounts production process.

Introduction

The tasks we perform in our review of your financial statements are split between those which are undertaken before, during and after the accounts production. We have summarised them below:

Work Performed	Accounts production stage		
	Before	During	After
1. Business Understanding: review your operations.	✓	✓	-
2. Controls: assess the control framework.	✓	-	-
3. Prepared by client list: issue our prepared by client request.	✓	-	-
4. Accounting standards: agree the impact of any new accounting standards.	✓	✓	-
5. Accounts Production: review the accounts production process.	✓	✓	✓
6. Testing: test and confirm material or significant balances and disclosures.	-	✓	-
7. Representations & opinions : seek and provide representations before issuing our opinions.	✓	✓	✓

We reported on the work we performed relating to the pre-accounts production stage as part of our interim audit. Below we focus on stages five and six which we perform post-accounts production:

Accounts Production

Your accounts production process is assessed as part of our UoR assessment. As part of the initial feedback on this process we have considered the production process against three criteria:

Element	Commentary
Completeness of draft accounts	We were provided with a full set of draft accounts ahead of the statutory deadline. All primary statements, supporting notes and disclosures were included.
Quality of supporting working papers	As in previous years, we found the quality of supporting working papers to be high. All working papers were available at the start of our audit fieldwork.
Response to audit queries	All queries in relation to the audit were dealt with efficiently and effectively.

As a result of the above we have not raised any performance improvement observations in relation to the accounts audit. Performance improvement observations not yet implemented from the 2005/06 audit are detailed at Appendix 5.

Accounts and Statement on Internal Control (continued)

In accordance with ISA 260 we are required to communicate any uncorrected audit differences to the Executive. We are also required to report any material misstatements which have been corrected by management and which we believe should be communicated to the Executive to help you meet your governance responsibilities.

We have enclosed a summary of both the corrected and uncorrected audit differences in Appendix 3.

Opinions and Representations

As part of the financial statements finalisation process we are required to provide you with representations concerning our independence and ability to act as your auditors. We have provided this at Appendix 7.

You are required to provide us with representations on specific matters such as your financial standing and whether the transactions within the accounts are legal and unaffected by fraud. We provided a draft of this representation letter to the Borough Treasurer on 17 September 2007. We have also included a copy of this within Appendix 9. As far as we are aware there are no areas where management is reluctant to make the representations that we have requested. Once we have received your representations as outlined above we will proceed to issuing our audit opinion.

Except for our commentary above, we do not have any other matters that we wish to draw to your attention before we issue our opinions.

Compliance with ISA260 Reporting Requirements

ISA260 requires us to communicate to those charged with governance "audit matters of governance interest that arise from the audit of the financial statements".

We have included within this Audit Memorandum:

- our views about the qualitative aspects of your accounting practices and financial reporting (Section Three);
 - details of any expected modifications to our report (Appendix 2);
 - details of any uncorrected misstatements within the financial statements (Appendix 3); and
 - the final draft of the management representations letter (Appendix 9).
- We are also required to report:
- any material weaknesses in internal control identified during the audit;
 - any matters specifically required by other ISAs (UK and Ireland) to be communicated to those charged with governance; and
 - any other audit matters of governance interest.

There are no others matters which we wish to draw to the attention of those charged with governance.

Appendix 1: Draft use of resources conclusion

Conclusion on arrangements for securing economy, efficiency and effectiveness in te use of resources

Authority’s Responsibilities

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 regularly review the adequacy and effectiveness of these arrangements.

Under the Local Government Act 1999, the Authority is required to prepare and publish a best value performance plan summarising the authority’s assessment of its performance and position in relation to its statutory duty to make arrangements to ensure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

Auditor’s Responsibilities

We are required by the Audit Commission Act 1998 to be satisfied that proper arrangements have been made by the Authority for securing economy, efficiency and effectiveness in its use of resources. The Code of Audit Practice issued by the Audit Commission requires us to report to you our conclusion in relation to proper arrangements, having regard to relevant criteria specified by the Audit Commission for principal local authorities. We report if significant matters have come to our attention which prevent us from concluding that the Authority has made such proper arrangements. We are not required to consider, nor have we considered, whether all aspects of the Authority’s arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

We are required by section 7 of the Local Government Act 1999 to carry out an audit of the Authority’s best value performance plan and issue a report:

- certifying that we have done so;
- stating whether we believe that the plan has been prepared and published in accordance with statutory requirements set out in section 6 of the Local Government Act 1999 and statutory guidance; and
- where relevant, making any performance improvement observations under section 7 of the Local Government Act 1999.

Conclusion

We have undertaken our audit in accordance with the Code of Audit Practice and we are satisfied that, having regard to the criteria for principal local authorities specified by the Audit Commission, in all significant respects, Bracknell Forest Borough Council made proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ending 31 March 2007.

Best Value Performance Plan

We issued our statutory report on the audit of the authority’s best value performance plan for the financial year 2006/07 on 28 September 2007. We did not identify any matters to be reported to the authority and did not make any performance improvement observations on procedures in relation to the plan.

Certificate

We certify that we have completed the audit of the accounts in accordance with the requirements of the Audit Commission Act 1998 and the Code of Audit Practice issued by the Audit Commission.

KPMG LLP
Chartered Accountants
London

Appendix 2: Draft audit report

Independent auditors' report to the Members of Bracknell Forest Borough Council

Opinion on the financial statements

We have audited the financial statements of Bracknell Forest Borough Council for the year ended 31 March 2007 under the Audit Commission Act 1998, which comprise the Explanatory Foreword, the Income and Expenditure Account, the Statement of Movement on the General Fund Balance, the Statement of Total Recognised Gains and Losses, the Balance Sheet, the Cash Flow Statement, the Housing Revenue Income and Expenditure Account, the Statement of Movement on the Housing Revenue Account Balance, the Collection Fund, and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to Bracknell Forest Borough Council, as a body, in accordance with Part II of the Audit Commission Act 1998. Our audit work has been undertaken so that we might state to Bracknell Forest Borough Council, as a body, those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Bracknell Forest Borough Council, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the Chief Finance Officer and auditors

The Chief Finance Officer's responsibilities for preparing the financial statements, in accordance with applicable laws and regulations and the Statement of Recommended Practice on Local Authority Accounting in the United Kingdom 2006 are set out in the Statement of Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements present fairly the financial position of [name of Council] in accordance with applicable laws and regulations and the Statement of Recommended Practice on Local Authority Accounting in the United Kingdom 2006.

We review whether the Statement on Internal Control reflects compliance with CIPFA's guidance The Statement on Internal Control in Local Government: Meeting the Requirements of the Accounts and Audit Regulations 2003 published in April 2004. We report if it does not comply with proper practices specified by CIPFA or if the statement is misleading or inconsistent with other information we are aware of from our audit of the financial statements. We are not required to consider, nor have we considered, whether the statement on internal control covers all risks and controls. We are also not required to form an opinion on the effectiveness of the Authority's corporate governance procedures or its risk and control procedures.

Basis of audit opinion

We conducted our audit in accordance with the Audit Commission Act 1998, the Code of Audit Practice issued by the Audit Commission and International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the Authority in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Authority's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion:

The financial statements present fairly, in accordance with applicable laws and regulations and the Statement of Recommended Practice on Local Authority Accounting in the United Kingdom 2006, the financial position of the Authority as at 31 March 2007 and its income and expenditure for the year then ended.

KPMG LLP
Chartered Accountants
London

Appendix 3: Audit differences

We are required by *ISA (UK and Ireland) 260 Communication of Audit Matters to Those Charged with Governance* to communicate all uncorrected misstatements, other than those that we believe are clearly trivial, to the Executive. We are also required to report all material misstatements that management has corrected but that we believe should be communicated to the Executive to assist it in fulfilling its governance responsibilities.

This appendix sets out the audit differences that we identified following the completion of our audit of Bracknell Forest Borough Council for the year ended 31 March 2007.

Uncorrected audit differences

During the course of our audit of the financial statements, we have not identified any audit differences that have an effect on the reported financial position of the Council that have not been corrected.

Corrected audit differences

We have not identified any significant audit differences during our audit of the financial statements.

Appendix 4: Accounts performance improvement observations

We have not raised any new performance improvement observations as a result of our audit work on the financial statements.

Appendix 5: Prior year performance improvement observations

This appendix summarises the progress made to implement the performance improvements that we identified in our previous reports. We have given each of our observations a risk rating (as explained in Appendix 4). In summary:

Year	Number of performance improvement observations that were:		
	Included in original report	Implemented in year or superseded	Remain outstanding (re-iterated below)
2005-06 Audit Memo	1	1	0
Total	1	1	0

Appendix 6: Audit reports produced

This report does not duplicate significant matters previously communicated to those charged with governance. A summary of the reports issued in the year to date is set out below.

Report	Date issued
Audit Plan	May 2006
Data Quality	30 November 2007
Use of Resources	26 February 2007
Interim report	31 May 2007

Appendix 7: ISA 260 Declaration of independence and objectivity

Declaration of Independence and Objectivity 2006/07

Auditors appointed by the Audit Commission must comply with the *Code of Audit Practice* (the Code) which states that:

“Auditors and their staff should exercise their professional judgement and act independently of both the Audit Commission and the audited body. Auditors, or any firm with which an auditor is associated, should not carry out work for an audited body, which does not relate directly to the discharge of auditors’ functions, if it would impair the auditors’ independence or might give rise to a reasonable perception that their independence could be impaired”

In considering issues of independence and objectivity we consider relevant professional, regulatory and legal requirements and guidance, including the provisions of the Code, the detailed provisions of the Statement of Independence included within the Audit Commission’s *Annual Letter of Guidance and Standing Guidance* (Audit Commission Guidance) and the requirements of APB Ethical Standard 1 *Integrity, Objectivity and Independence* (‘Ethical Standards’).

The Code states that, in carrying out their audit of the financial statements, auditors should comply with auditing standards currently in force, and as may be amended from time to time. Audit Commission Guidance requires appointed auditors to follow the provisions of ISA (UK & I) 260 *Communication of Audit Matters with Those Charged with Governance* that are applicable to the audit of listed companies. This means that the appointed auditor must disclose in writing:

- Details of all relationships between the auditor and the client, its directors and senior management and its affiliates, including all services provided by the audit firm and its network to the client, its directors and senior management and its affiliates, that the auditor considers may reasonably be thought to bear on the auditor’s objectivity and independence;
- The related safeguards that are in place; and
- The total amount of fees that the auditor and the auditor’s network firms have charged to the client and its affiliates for the provision of services during the reporting period, analysed into appropriate categories, for example, statutory audit services, further audit services, tax advisory services and other non-audit services. For each category, the amounts of any future services which have been contracted or where a written proposal has been submitted are separately disclosed.

Appointed auditors are also required to confirm in writing that they have complied with Ethical Standards and that, in the auditor’s professional judgement, the auditor is independent and the auditor’s objectivity is not compromised, or otherwise declare that the auditor has concerns that the auditor’s objectivity and independence may be compromised and explaining the actions which necessarily follow from his. These matters should be discussed with the Executive.

Ethical Standards require us to communicate to those charged with governance in writing at least annually all significant facts and matters, including those related to the provision of non-audit services and the safeguards put in place that, in our professional judgement, may reasonably be thought to bear on our independence and the objectivity of the Audit Partner and the audit team.

General procedures to safeguard independence and objectivity

KPMG’s reputation is built, in great part, upon the conduct of our professionals and their ability to deliver objective and independent advice and opinions. That integrity and objectivity underpins the work that KPMG performs and is important to the regulatory environments in which we operate. All partners and staff have an obligation to maintain the relevant level of required independence and to identify and evaluate circumstances and relationships that may impair that independence.

Acting as an auditor places specific obligations on the firm, partners and staff in order to demonstrate the firm’s required independence. KPMG’s policies and procedures regarding independence matters are detailed in the Ethics and Independence Manual (‘the Manual’). The Manual sets out the overriding principles and summarises the policies and regulations which all partners and staff must adhere to in the area of professional conduct and in dealings with clients and others.

Appendix 7: ISA 260 Declaration of independence and objectivity (continued)

KPMG is committed to ensuring that all partners and staff are aware of these principles. To facilitate this, a hard copy of the Manual is provided to everyone annually. The Manual is divided into two parts. Part 1 sets out KPMG's ethics and independence policies which partners and staff must observe both in relation to their personal dealings and in relation to the professional services they provide. Part 2 of the Manual summarises the key risk management policies which partners and staff are required to follow when providing such services.

All partners and staff must understand the personal responsibilities they have towards complying with the policies outlined in the Manual and follow them at all times. To acknowledge understanding of and adherence to the policies set out in the Manual, all partners and staff are required to submit an annual Ethics and Independence Confirmation. Failure to follow these policies can result in disciplinary action.

Auditor Declaration

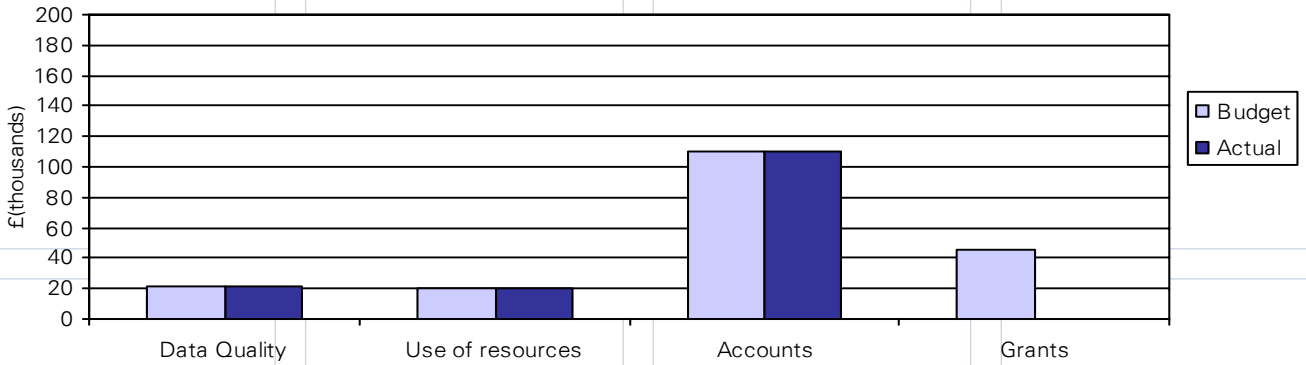
In relation to the audit of the financial statements of Bracknell Forest Borough Council for the financial year ending 31 March 2007, we confirm that there were no relationships between KPMG LLP and the Council, its directors and senior management and its affiliates that we consider may reasonably be thought to bear on the objectivity and independence of the audit engagement partner and audit staff. We also confirm that we have complied with Ethical Standards and the Audit Commission's requirements in relation to independence and objectivity.

Details of our fees for the financial year are given in Appendix 8.

Appendix 8 – audit fee

This section summarises our overall arrangements for delivering your external audit in 2006/07. To make sure that there is openness between us and your Audit Committee about the extent of our fee relationship with you, we have summarised below the out-turn against the 2006/07 agreed external audit fee:

External audit fee for 2006/07



We have completed our work in respect of data quality, use of resources and the accounts within the budget as set out in our audit plan. We are yet to complete our work in respect of the 2006/07 grant claims, and therefore cannot provide an outturn figure. Our fee in 2005/06 was £150k, excluding grants.

Appendix 9: Draft management representation letter

Dear KPMG LLP,

We understand that auditing standards require you to obtain representations from management on certain matters material to your opinion. Accordingly we confirm to the best of our knowledge and belief, having made appropriate enquiries of other members of the Council, the following representations given to you in connection with your audit of the financial statements for Bracknell Forest Borough Council for the year ended 31 March 2007.

All the accounting records have been made available to you for the purpose of your audit and the full effect of all the transactions undertaken by Bracknell Forest Borough Council has been properly reflected and recorded in the accounting records in accordance with agreements, including side agreements, amendments and oral agreements. All other records and related information, including minutes of all management and Board meetings, have been made available to you.

We confirm that we have disclosed all material related party transactions relevant to the Council and that we are not aware of any other such matters required to be disclosed in the financial statements, whether under FRS 8 or other requirements.

We confirm that we are not aware of any actual or potential non-compliance with laws and regulations that would have had a material effect on the ability of the Council to conduct its business and therefore on the results and financial position to be disclosed in the financial statements for the year ended 31 March 2006.

We acknowledge that we are responsible for the fair presentation of the financial statements in accordance with the Local Government Statement of Recommended Practice ("SORP") and wider UK accounting standards. We have considered and approved the financial statements.

We confirm that we:

- understand that the term "fraud" includes misstatements resulting from fraudulent financial reporting and misstatements resulting from misappropriation of assets. Misstatements resulting from fraudulent financial reporting involve intentional misstatements or omissions of amount or disclosures in financial statements to deceive financial statement users. Misstatements resulting from misappropriation of assets involve the theft of an entity's assets, often accompanied by false or misleading records or documents in order to conceal the fact that the assets are missing or have been pledged without proper authorisation;
- are responsible for the design and implementation of internal control to prevent and detect fraud and error;
- have disclosed to you our knowledge of fraud or suspected fraud affecting the Council involving:
 - management;
 - employees who have significant roles in internal control; or
 - others where the fraud could have a material effect on the financial statements.
- have disclosed to you our knowledge of any allegations of fraud, or suspected fraud, affecting the Council's financial statements communicated by employees, former employees, analysts, regulators or others;
- have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.

We confirm that the presentation and disclosure of the fair value measurements of material assets, liabilities and components of equity are in accordance with applicable reporting standards. The amounts disclosed represent our best estimate of fair value of assets and liabilities required to be disclosed by these standards. The measurement methods and significant assumptions used in determining fair value have been applied on a consistent basis, are reasonable and they appropriately reflect our intent and ability to carry out specific courses of action on behalf of the Council where relevant to the fair value measurements or disclosures.

We confirm that there are no other contingent liabilities, other than those that have been properly recorded and disclosed in the financial statements. In particular:

- there is no significant pending or threatened litigation, other than that already disclosed in the financial statements; and
- there are no material commitments or contractual issues, other than those already disclosed in the financial statements.

Appendix 9: Draft management representation letter (continued)

Finally, no additional significant post balance sheet events have occurred that would require additional adjustment or disclosure in the financial statements, over and above those events already disclosed.

This letter was tabled at the meeting of the Executive on 18 September 2007.

Yours faithfully

Chris Herbert, Borough Treasurer

On behalf of the Executive

<p>Finally, no additional significant post balance sheet events have occurred that would require additional adjustment or disclosure in the financial statements, over and above those events already disclosed.</p> <p>This letter was tabled at the meeting of the Executive on 18 September 2007.</p> <p>Yours faithfully</p> <p>Chris Herbert, Borough Treasurer</p> <p>On behalf of the Executive</p>			