

Cambridgeshire & Peterborough Fire Authority 2008/09 Report to those charged with governance

The Members
Policy and Finance Committee
Cambridgeshire and Peterborough Fire Authority
Service Headquarters
Hinchingsbrooke Cottage
Brampton Road
Huntingdon
Cambridgeshire
PE29 2NA

16 September 2009

Ladies and Gentlemen

2008/09 Report to those charged with governance

We are pleased to present our report on the results of our audit work to date for 2008/09. We hope that the information contained in this report provides a useful source of reference for members.

Yours faithfully

PricewaterhouseCoopers LLP

Encs

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

In April 2008 the Audit Commission issued a revised version of the ‘Statement of responsibilities of auditors and of audited bodies’ which applies to the 2008/09 audit. It is available from the Chief Fire Officer. 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.

Executive summary

The purpose of this report

This report summarises the results of our audit work to date from our 2008/09 audit of accounts.

It includes the issues arising from our audit of the financial statements and those issues which we are formally required to report to you under the Audit Commission's Code of Audit Practice and International Standard of Auditing (UK & Ireland) (ISA(UK&I)) 260 - "Communication of audit matters with those charged with governance".

It also includes the results of the work we have undertaken on 'Value for Money in the Use of Resources' under the Code of Audit Practice, to support our formal conclusion in this area.

Our work during the year was performed in line with the Audit Plan 2008/09 presented to you on 2 April 2009. We issue a number of reports during the audit year, detailing the findings from our work and making recommendations for improvement, where appropriate. A list of these reports is included at Appendix A to this letter.

We have set out below the most important issues and recommendations that we have discussed with you in the course of our work.

Financial Statements

Our initial review of the draft Statement of Accounts 2008/09 identified a

number of matters for which adjustments / additional disclosures were required. It will be important to consider the arrangements that can be implemented next year to ensure that all requirements of the SORP are adopted and that inconsistencies between the main statements and notes to accounts are eliminated (page 6).

The majority of work on the Authority's accounts has been completed. Subject to the satisfactory conclusion of the outstanding work, we anticipate issuing an unqualified audit opinion on the Statement of Accounts 2008/09 (pages 6 & 7).

We have identified two qualitative matters which we bring to the attention of Members. These relate to:

- The need to maintain up-to-date historical cost valuations; and
- Incomplete receipt of related party declarations (pages 7 & 8).

We have needed to input greater audit resource to complete the audit, in particular to undertake additional work on aspects of use of resources and on the accounts (fixed asset valuations, pensions and resolving errors identified during the audit). This may ultimately impact on the audit fee which we will review following the completion of our audit work. We will discuss any variations with the Director of Resources and report the results within our Annual Audit Letter (page 8).

Use of Resources

Under the Code of Audit Practice we are required to provide a conclusion on the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources. This conclusion is reached by assessing the Authority's arrangements against a set of criteria issued by the Audit Commission.

We intend to issue an unqualified use of resources conclusion on the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources. This means that adequate arrangements are considered to be in place, across the 8 relevant criteria set by the Audit Commission, for the year ended 31 March 2009 (page 9).

Governance Assurance Statement

We have identified two matters which we wish to bring to the attention of Members. These relate to:

- The need to undertake a timely review of the effectiveness of internal audit for 2008/09; and
- The need to undertake an independent review of the Governance Assurance Statement by the Scrutiny and Performance Committee.

It will be important for the Authority to address these matters going forward (pages 10 and 11).

Financial statements

Accounts

The Authority approved a draft set of accounts prior to the deadline date of 30 June 2009 and provided an auditable set of accounts to us in accordance with the agreed audit timetable.

Prior to the commencement of our audit work we undertook a review of the Authority's Statement of Accounts 2008/09. Our review identified a number of matters which were highlighted to the Authority for consideration / amendment. The main matters highlighted included:

- Pensions – the Statement of Recommended Practice (SORP) included a number of new disclosure requirements to be made in the notes to the accounts. The draft accounts did not disclose all requirements. In addition, the layout of this note did not appear to be in an order that would assist a reader of the accounts;
- Investments / Borrowings / Financial Instruments – The balances between the balance sheet and notes were not internally consistent in all areas;
- Revaluation Reserve – it was not clear from the disclosure whether all appropriate adjustments had been made to this reserve (e.g. for downward impairments or to make adjustments for the difference between depreciation on revalued and historical cost amounts);

- Cash Flow Statement note 14 – the note should have started with the Deficit on the Income and Expenditure Account and be reconciled to the Net Cash Flow from Revenue Activities (not the other way around as disclosed in the draft accounts). In addition, the prior year balance in the note for the deficit on the Income and Expenditure Account did not agree with the Income and Expenditure Account; and
- The need to clarify the disclosure within the Explanatory Foreword to demonstrate actual performance against budget.

We have followed up these matters with officers of the finance team during our audit work and agreed an acceptable approach to their resolution. ***It will be important to consider the arrangements that can be implemented next year to ensure that all such matters are identified and inconsistencies between the main statements and notes to accounts are eliminated.***

We have completed the majority of the audit work on the Authority's accounts in line with the Code of Audit Practice and Auditing Standards. The main areas where audit work is outstanding relate to:

- Pensions – We have recently received guidance from the Authority as to the arrangements for injury award payments for firefighters who are part of the new fire fighters pension scheme. We are currently considering this information in order to determine whether the Authority has an additional liability that should be included in the accounts. In addition,

we are awaiting supporting evidence for a material creditor in relation to pension commutation adjustments;

- Cash flow - obtaining supporting evidence for a number of figures included within the main statement and notes;
- Resolution of a number of queries raised following review in relation to fixed assets, pensions, financial instruments and expenditure; and
- Completion of internal PwC quality control procedures.

There may be both quantitative and qualitative issues arising from the audit work on the above areas. However, subject to satisfactory completion of the outstanding work above, we anticipate issuing an unqualified audit opinion on the 2008/09 financial statements.

If, in completing this work there is a need to amend any of the comments in the remainder of this paper, Members will be updated on the 24 September 2009 at the meeting of the Policy and Finance Committee.

Accounting Issues

We are required to report to you all unadjusted misstatements which we have identified during the course of our audit, other than those of a trivial nature (i.e. those under £10,000). These misstatements are set out in Appendix B to this report.

We are also required to report to you all material adjusted misstatements which were identified during our audit. We identified one matter relating to the overstatement of debtors and creditors which is detailed further within Appendix B to this report.

Accounting practices

We are also required to report to you our view on qualitative aspects of the Authority's accounting practices and financial reporting.

We have identified the following matters which we wish to bring to Members attention:

The need to maintain up-to-date historical cost valuations

Whilst the Authority does have details of the historical cost of its fixed assets as at 1 April 2007, these have not been updated since this date to record the movements in the historical cost for each individual asset to 31 March 2009.

As a result, the Authority has not been able to calculate the accounting entries required by the Statement of Recommended Practice to the Revaluation Reserve to adjust unrealised revaluation gains for the difference between historical cost and current value depreciation.

The Revaluation Reserve and Capital Adjustment Account are therefore misstated. However, based on the information available and estimates made, we are satisfied that this adjustment would not have a material impact on the accounts.

It will be important for the Authority to ensure that the movements in historical costs from 1 April 2007 are updated during the year and maintained going forward in order to ensure that the appropriate accounting entries can be made within the Statement of Accounts 2009/10.

Incomplete related party declarations

The Statement of Recommended Practice requires the Authority to disclose details of its related party transactions. We require declarations, (including nil returns), from Members and senior officers regarding the transactions that they have with the Authority in order to consider the completeness of the disclosures made within the accounts.

Our review of the declarations noted one Member declaration has not been made. As a result there is a risk that the disclosures within the accounts are not complete in this area.

We have performed alternative audit procedures to mitigate this risk, including requesting that management provide representations on the completeness of related party transactions within our 'letter of representation'.

Going forward the Authority will need to ensure that all declarations are received to support the completeness of disclosures made within the Statement of Accounts.

Other matters

We have identified a number of other matters which management should be aware of when producing the 2009/10 Statement of Accounts and we will report these to within our Report to Management on the Statement of Accounts 2008/09 later in the year.

Systems of internal control

We are required to report to you any material weaknesses in the accounting and internal control systems identified during the audit.

We have identified from our interim audit work in April and May 2009 a number of matters where procedural improvements can be made. Recommendations from our interim work have been reported in our Report to Management: Internal Financial Controls 2008/09 which will be presented to the Scrutiny and Performance Committee on 2 October 2009.

There are no matters that need to be drawn to Members' attention as part of this report.

Letter of Representation

As part of our audit, we require the Director of Resources to make representations to us regarding certain accounting matters. The Director of Resources will provide these within a letter to us. Appendix D shows the draft wording as at 8 September 2009 for this letter of representation.

Other matters

We have needed to input greater audit resource to complete the audit, in particular to undertake additional work on aspects of use of resources and on the accounts (fixed asset valuations, pensions and resolving errors identified during the audit). This may ultimately impact on the audit fee which we will review following the completion of our audit work. We will discuss any variations with the Director of Resources and report the results within our Annual Audit Letter.

There are no other matters which we wish to bring to your attention.

Value for Money in the Use of Resources

Work performed

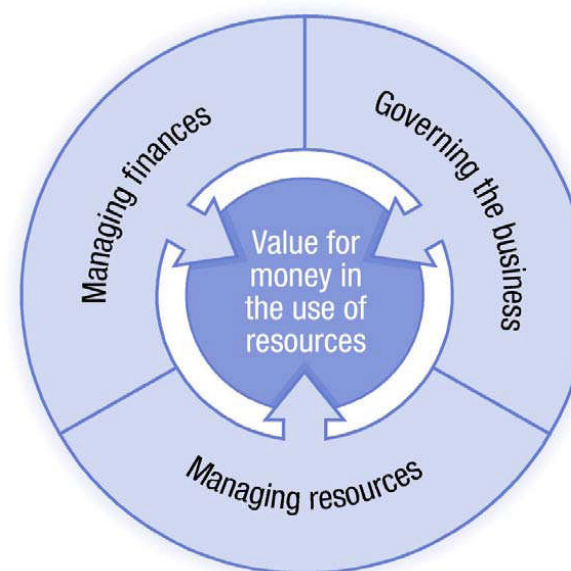
We have performed work to conclude on the Authority's arrangements for achieving economy, efficiency and effectiveness in its use of resources. Our work to support our conclusion comprised the following elements:

- Use of Resources Assessment, supported by our conclusions on the key lines of enquiry (KLoEs) as specified by the Audit Commission; and
- Review of the Annual Governance Statement.

Use of resources assessment

From April 2009, the Audit Commission has been implementing comprehensive area assessment (CAA), jointly with the other public service inspectorates. The audit year 2008/09 is a year of transition to CAA. Our use of resources judgements in 2008/09 will therefore input into the first results of CAA which the Audit Commission will report on in Autumn 2009 as well as acting as the basis for our value for money conclusion. The Audit Commission has therefore issued new Key Lines of Enquiry (KLoEs), which are grouped into three themes, for auditors to assess local authorities' arrangements against. The three themes are shown within the illustration opposite and the new KLoEs are detailed within Appendix C.

The assessment has changed to focus on the achievements, outputs and outcomes rather than the processes. As auditors we have therefore considered the Authority's strategies rather than the detailed processes that the Authority has put in place.



KLoEs are scored as follows:

- 1 – Failure to meet minimum requirements – inadequate performance;
- 2 – Meets only minimum requirements – performs adequately;
- 3 – Exceeds minimum requirements – performs well; or
- 4 – Significantly exceeds minimum requirements – performs excellently.

We have assessed the Authority's arrangements against the series of Key Lines of Enquiry (KLoEs). The scores, which have been subjected to national moderation by the Audit Commission have recently been confirmed and are detailed within Appendix C. As in previous years, the Audit Commission will provide the Authority with an overall score based on the individual KLoE scores. We will shortly be reporting the detail of our review, including any recommendations, to the Authority.

Value for Money Conclusion

Under the Code of Audit Practice we are required to provide a conclusion on the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources. This conclusion is reached by assessing the Authority's arrangements against a set of criteria issued by the Audit Commission.

As noted above, the Audit Commission has issued new criteria for 2008/09 and has specified those criteria which are relevant for the value for money conclusion for fire authorities for 2008/09. They are listed in Appendix C. Unlike in previous years, for the first time this year, all the criteria used within value for money conclusion are directly linked to the criteria used in the use of resources assessment.

As in prior years, when forming the value for money conclusion, we are required to assess whether the arrangements are either 'adequate' or 'not adequate'. A score of level 2 or higher under the KLoEs as part of the use of resources assessment will usually result in an assessment of 'adequate' arrangements for the purposes of the Code criteria (value for money conclusion). In reaching our conclusions, we also consider whether the KLoE scores should be adjusted for other factors such as whether the arrangements have been in place for the whole financial year.

Based on the scores detailed within Appendix C, we intend to issue an unqualified value for money conclusion. Details of our conclusions for each of the criteria specified by the Code of Practice are set out in Appendix C.

Annual Governance Statement

Local authorities are required to produce an Annual Governance Statement (AGS) which is consistent with guidance issued by CIPFA / SOLACE. The AGS was included in the Statement of Accounts 2008/09.

We reviewed the AGS to consider whether it complied with the CIPFA / SOLACE guidance and whether it is misleading or inconsistent with other information known to us from our audit work.

Our review has noted the following two points which we draw to your attention:

1) The need to undertake a timely review of the effectiveness of Internal Audit

In accordance with the Accounts and Audit Regulations 2003 (as amended), the Authority is required to undertake a review of the effectiveness of internal audit. The results of this exercise should feed into the Authority's consideration of the Statement on Internal Control within the Governance Assurance Statement.

Our discussions with officers have noted that no formal review of the effectiveness of internal audit has yet taken place for 2008/09. Therefore, it has not been possible for the results of the review to be taken into account in the consideration of the control framework reported on in the Governance Assurance Statement. We understand that this review will take place in October 2009, after the Governance Assurance Statement has been signed by the Authority.

In order to meet the Accounts and Audit Regulations, the Authority should ensure that an appropriate review is undertaken on a timely basis to feed into the reporting on the Governance Assurance Statement. The results of the review should be reported to the Scrutiny and Performance Committee to allow the Committee to consider the impact that the review may have on the system of internal control.

2) The need to undertake an independent review of the Governance Assurance Statement

The Governance Assurance Statement 2008/09 has not been independently reviewed by the Performance and Scrutiny Committee.

Whilst we appreciate that the Policy and Finance Committee has undertaken a review of the draft Statement of Accounts 2008/09, which includes the Governance Assurance Statement, this committee does not have formal responsibility for the governance framework and will not have formally considered matters arising during the year which relate to the Authority's internal control system or overall governance framework. As a result, the Statement may not be complete.

Going forward, arrangements should be put in place to ensure that the Governance Assurance Statement is appropriately reviewed and approved by the Scrutiny and Performance Committee prior to being signed off.

Other

There are no other matters which we wish to bring to the attention of Members.

Appendix A: Audit reports issued in relation to the 2008/09 audit year

We plan to issue the following audit reports in relation to the 2008/09 audit year:

- Report to Management on the Internal Financial Controls 2008/09;
- Audit Report on the Statement of Accounts 2008/09;
- Report to Management on the Statement of Accounts 2008/09;
- Report on the results of our Use of Resources Assessment Review; and
- Annual Audit Letter 2008/09.

Appendix B: Summary of unadjusted misstatements and material adjusted misstatements

We have identified the following errors during our audit of the financial statements that have not been adjusted by management. The Policy and Finance Committee are requested formally to consider the listed unadjusted errors and determine whether the accounts should be amended. If the errors are not adjusted we will require a written representation from you explaining your reasons for not making the adjustments. The unadjusted errors noted below would have the following impact:

- The deficit on the Income and Expenditure Account would decrease by £125,000;
- The General Fund would increase by £73k in total, being a total of £52k adjustment to the Statement of Movement on the General Fund offset by the £125k decrease in the deficit on the Income and Expenditure Account.
- There is a no change in the net worth of the Council on the balance sheet as the increase in the general fund of £73k is offset by a decrease in the other reserves on the balance sheet of £73k.

Unadjusted Misstatement	Income and Expenditure Account (I&E)		Statement of Movement on the General Fund		Balance Sheet	
	Dr £'000	Cr £'000	Dr £'000	Cr £'000	Dr £'000	Cr £'000
1. Our review of repairs and maintenance accounts identified one item which should have been capitalised rather than charged as revenue expenditure. The accounting entries to correct this error are: CR Net Cost of Services DR Fixed Assets		27			27	

Unadjusted Misstatement	Income and Expenditure Account (I&E)		Statement of Movement on the General Fund		Balance Sheet	
	Dr £'000	Cr £'000	Dr £'000	Cr £'000	Dr £'000	Cr £'000
<p>2. Following a change in the Statement of Recommended Practice, grant received by the Authority to fund expenditure on smoke alarms has been incorrectly included within the Unapplied Capital Grants Account. This should have been charged as gross income during the year to match the revenue expenditure incurred. The entries to correct this are:</p> <p>DR Unapplied capital grants CR Net Cost of Services DR General Fund CR Earmarked Reserves</p>		75	75		75	75
<p>3. The balance in fixed assets is overstated as a result of an overestimated accrual raised at the year end. The entries to correct this error are:</p> <p>DR Creditors CR Intangible fixed assets</p>					15	15

Unadjusted Misstatement	Income and Expenditure Account (I&E)		Statement of Movement on the General Fund		Balance Sheet	
	Dr £'000	Cr £'000	Dr £'000	Cr £'000	Dr £'000	Cr £'000
<p>4. The Authority has incorrectly treated proceeds from the sale of assets which are less than £10,000 as capital receipts. In accordance with accounting regulations these should be revenue receipts. The entries to correct this error are:</p> <p>CR I&E – gross income DR I&E – net gain/loss on disposal of fixed assets CR General Fund DR Useable Capital Receipts Reserve</p>	46	46		46	46	

Unadjusted Misstatement	Income and Expenditure Account (I&E)		Statement of Movement on the General Fund		Balance Sheet	
	Dr £'000	Cr £'000	Dr £'000	Cr £'000	Dr £'000	Cr £'000
5. The value of the Authority's assets at the year end do not agree to the valuation report provided by the Authority's valuers. Depreciation has subsequently been incorrectly applied. The entries to correct this error are: DR Fixed Assets CR I&E CR Revaluation Reserve DR General Fund CR Capital Adjustment Account		23	23		60	37 23
Net Effect	46	171	98	46	223	150

In addition to the unadjusted misstatements noted above, we identified one material misstatement which has been adjusted by management. This misstatement has had no impact on the Income and Expenditure Account or the net worth on the Balance Sheet. The details of this adjustment are as follows:

Unadjusted Misstatement	Income and Expenditure Account		Statement of Movement on the General Fund		Balance Sheet	
	Dr £'000	Cr £'000	Dr £'000	Cr £'000	Dr £'000	Cr £'000
1. The Authority has overstated debtors and creditors as the amounts owing to and from the Pension Fund had not been netted off. The entries made to correct this error were: DR Creditors CR Debtors					272	272

Appendix C: Value for Money Conclusion

The use of resources assessment considers how well organisations are managing and using their resources to deliver value for money and better and sustainable outcomes for local people. The assessment comprises three themes that focus on:

- Sound and strategic financial management (Managing Finances);
- Strategic commissioning and good governance (Governing the Business); and
- The management of natural resources, assets and people (Managing Resources).

Each theme consists of a series of Key Lines of Enquiry (KLoE).

The Audit Commission publishes Code of Practice criteria on which auditors are required to reach a conclusion on the adequacy of an audited body's arrangements for economy, efficiency and effectiveness in its use of resources. These Code criteria are linked to the scored use of resources Key Lines of Enquiry (KLoEs). A score of level 2 or higher under the KLoEs will result in an assessment of adequate for the purposes of the Code criteria. The Code criteria and the linked KLoEs are shown in the table below along with the Value for Money Conclusion and the Use of Resources scores which have now been finalised.

Managing Finances

Key Lines of Enquiry		2008/09 Value for Money Conclusion	Indicative Use of Resources Score
1.1	Does the organisation plan its finances effectively to deliver its strategic priorities and secure sound financial health?	Adequate	2
1.2	Does the organisation have a sound understanding of its costs and performance and achieve efficiencies in its activities?	Adequate	2
1.3	Is the organisation's financial reporting timely, reliable and does it meet the needs of internal users, stakeholders and local people?	Adequate	2

Governing the Business

Key Lines of Enquiry		2008/09 Use of Resources Conclusion	Indicative Use of Resources Score
2.1	Does the organisation commission and procure quality services and supplies, tailored to local needs, to deliver sustainable outcomes and value for money?	Adequate	3
2.2	Does the organisation produce relevant and reliable data and information to support decision making and manage performance?	Adequate	2
2.3	Does the organisation promote and demonstrate the principles and values of good governance?	Adequate	2
2.4	Does the organisation manage its risks and maintain a sound system of internal control?	Adequate	2

Managing Resources

Key Lines of Enquiry		2008/09 Use of Resources Conclusion	Indicative Use of Resources Score
3.1	Is the organisation making effective use of natural resources? <i>[For 2008/09 this only applies at single tier and county councils]</i>	N/A	N/A
3.2	Does the organisation manage its assets effectively to help deliver its strategic priorities and service needs? <i>[For 2008/09 this only applies at single tier and county councils]</i>	N/A	N/A
3.3	Does the organisation plan, organise and develop its workforce effectively to support the achievement of its strategic priorities? <i>[Applies at local government bodies including police and county council fire services, but not at single tier and county councils.]</i>	Adequate	2

Appendix D: Draft Letter of Representation

The following is the wording as at 8 September 2009 for the letter of representation which the Director of Resources will be required to sign prior to the audit report on the Statement of Accounts 2008/09 being issued. In finalising the remaining audit work we may be required to request further representations be made from the Director of Resources and therefore update the wording. We will require the Director of Resources to sign the letter of representation on the day the audit report on the Statement of Accounts is signed.

WORDING FOR MANAGEMENT REPRESENTATION LETTER

(Appointment letterhead)

[Date]

To PricewaterhouseCoopers LLP
Abacus House
Castle Park
Cambridge
Cambridgeshire
CB3 0AN

This representation letter is provided in connection with your audit of the Statement of Accounts of Cambridgeshire and Peterborough Fire Authority (the 'Authority') for the year ended 31 March 2009.

Your audit is conducted for the purpose of expressing an opinion as to whether the Statement of Accounts presents fairly, in accordance with relevant legal and regulatory requirements and the Statement of Recommended Practice on Local Authority Accounting in the United Kingdom 2008, the financial position of the Authority as at 31 March 2009 and its income and expenditure and cashflows for the year then ended and the financial transactions of the pension fund during the year ended 31 March 2009, and the amount and disposition at that date of the fund's assets and liabilities, other than liabilities to pay pensions and other benefits after the end of the scheme year.

My responsibilities as Director of Resources for preparing the Statement of Accounts are set out in the Statement of Responsibilities for the Statement of Accounts. I am also responsible for the administration of the financial affairs of the Authority. I also acknowledge 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, 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:

Accounting records

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, including that:

- All the accounting records, whether for the purposes of financial reporting or any other purpose, have been made available to you for the purposes of your audit and all the transactions undertaken by the Authority have been properly reflected and recorded in the accounting records.
- All other records and related information which might affect the fair presentation of, or necessary disclosure in, the Statement of Accounts, including minutes of the Police Authority and its other committees and relevant Authority and Constabulary management meetings, have been made available to you and no such information has been withheld.

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 the Statement of Accounts are the most appropriate to present fairly the Authority's particular circumstances, as required by the 2008 Code of Practice on Local Authority Accounting in the United Kingdom (A Statement of Recommended Practice (the SORP)).

Related Party Transactions

I confirm that Authority has disclosed all related party transactions relevant to the Authority and that I am not aware of any other such matters required to be disclosed in the Statement of Accounts under the requirements of the 2008 SORP.

Employee benefits

I confirm that the Authority has made you aware of all employee benefit schemes in which employees of the Authority participate.

Bank Accounts

I confirm that we have disclosed all bank accounts to you.

Contractual arrangements/agreements

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

Laws and regulations

*[Other than (specify including the actual or contingent consequences which may arise from the non-compliance)]**, 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 financial statements.

*[Other than (specify)]**, 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 financial statements.

Fraud

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

I have disclosed to you:

- i) the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud;
- ii) my knowledge of fraud or suspected fraud affecting the Authority and Constabulary involving:
 - members
 - management
 - employees who have significant roles in internal control, or
 - others where the fraud could have a material effect on the Statement of Accounts; and
- iii) my knowledge of any allegations of fraud, or suspected fraud, affecting the Authority's Statement of Accounts communicated by members, employees, former employees, regulators or others.

Misstatements detected during the audit

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

I confirm that the financial statements are free from material misstatement, including omissions.

I confirm that the reason(s)* why the misstatements that you have brought to the attention of those charged with governance (the Finance and Policy Committee), as set out in Appendix B to the ISA 260 report have not been adjusted in the financial statements *is/are** as follows:

[add explanation(s) which MUST include confirmation that those charged with governance believe their effect both individually and in aggregate is not material to the financial statements either taken as a whole or in connection with the ability properly to assess the performance and/or the financial position of the Authority]*

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.

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 for whose taxation liabilities the Authority may be responsible.

Retirement benefits

All significant retirement benefits that Authority is committed to providing, including any arrangements that are statutory, contractual or implicit in Authority's actions, wherever they arise, whether funded or unfunded, approved or unapproved, have been identified and accounted for in accordance with the 2008 SORP and/or disclosed.

All settlements and curtailments in respect of retirement benefit schemes have been identified and properly accounted for.

The actuarial assumptions underlying the valuation of retirement benefit scheme liabilities, as detailed within [note \[\]](#) to the Statement of Accounts, 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.

Assets and liabilities

The Authority has no plans or intentions that may materially alter the carrying value or classification of assets and liabilities reflected in the financial statements.

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 financial statements.

I confirm that all significant assumptions made in relation to fair value measurement and disclosures are reasonable and appropriately reflect management's intent and ability to carry out specific courses of action on behalf of the Authority where relevant to the fair value measurements or disclosures.

Financial Instruments

Where we have assigned fair values to financial instruments, we confirm that the valuation techniques, the inputs to those techniques and assumptions that have been made are appropriate, and in line with the business environment in which we operate.

Disclosures

I confirm that the Authority has recorded or disclosed as appropriate, in **Note []** to the Statement of Accounts, all the Authority's financial instruments.

I confirm that the Authority's transactions during the year do not include:

- Embedded derivatives;
- Guarantees to third parties, including oral guarantees made by the Authority or Constabulary;
- Losses arising from sale and purchase commitments;
- Agreements and options to buy back assets previously sold; and
- Assets pledged as collateral.

Revenue Provision

The Authority has determined a prudent amount of revenue provision for the year under the Prudential Framework, including any voluntary sums over and above the Minimum Revenue Provision.

Subsequent events

Other than as described in Note [] to the Statement of Accounts, there/ [There]* have been no circumstances or events subsequent to the period end which require adjustment of or disclosure in the financial statements or in the notes thereto.

[As minuted by the Policy and Finance Committee at its meeting on 24 September 2009]

.....

Matthew Warren – Director of Resources

Date:.....

For and on behalf of Cambridgeshire and Peterborough Fire Authority

In the event that, pursuant to a request which the Authority has received under the Freedom of Information Act 2000, it is required to disclose any information contained in this document, it will notify PwC promptly and consult with PwC prior to disclosing such information. The Authority agrees to pay due regard to any representations which PwC may make in connection with such disclosure and the Authority shall apply any relevant exemptions which may exist under the Act to such information. If, following consultation with PwC, the Authority discloses any such information, 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.

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