

**AGENDA ITEM NO.6**

**CORPORATE GOVERNANCE COMMITTEE**

<b>Date</b>	<b>25 SEPTEMBER 2012</b>
<b>Title</b>	<b>LETTER OF REPRESENTATION</b>

**1. PURPOSE/SUMMARY**

To agree the format and content of the Letter of Representation provided at the conclusion of the audit of the 2011/12 Statement of Accounts.

**2. KEY ISSUES**

- Letter required by the independent external auditor is attached.
- Written representations provide an acknowledgement of our responsibilities in relation to the Statement of Accounts.
- The letter was considered and agreed by the Council's Corporate Management Team.

**3. RECOMMENDATION**

It is recommended that members consider the content and form of the Letter of Representation.

<b>Wards Affected</b>	All
<b>Forward Plan Reference No.</b> (if applicable)	N/A
<b>Portfolio Holder(s)</b>	Councillor Alan Melton, Leader and Portfolio Holder, Policy and Resources Cllr John Clark, Portfolio Holder, Quality Organisation
<b>Report Originator</b>	Rob Bridge, Corporate Director and Chief Finance Officer Mark Saunders, Chief Accountant
<b>Contact Officer(s)</b>	Rob Bridge, Corporate Director and Chief Finance Officer Mark Saunders, Chief Accountant
<b>Background Paper(s)</b>	Attached

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25 September 2012

Our ref: RB/CBC/JH

### **Letter of Representation**

This representation letter is provided in connection with your audit of the Statement of Accounts of Fenland District Council (the "Council") for the year ended 31 March 2012 for the purpose of expressing an opinion as to whether the Statement of Accounts gives a true and fair view, and has been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Council Accounting in the United Kingdom 2011/12 and the Service Reporting Code of Practice 2011/12.

My responsibilities as Corporate Director and Chief Finance Officer for preparing the financial statements 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 Council. 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 Fenland District Council with relevant knowledge and experience and, where appropriate, of inspection of supporting documentation sufficient to satisfy myself that I can properly make each of the following representations to you.

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

#### ***Financial Statements***

- I have fulfilled my responsibilities, for the preparation of the Statement of Accounts in accordance with the CIPFA/LASAAC Code of Practice on Local Council Accounting in the United Kingdom 2011/12; in particular the financial statements give a true and fair view in accordance therewith.
- All transactions have been recorded in the accounting records and are reflected in the financial statements.
- Significant assumptions used by the Council in making accounting estimates, including those surrounding measurement at fair value, are reasonable.

- All events subsequent to the date of the financial statements for which the CIPFA/LASAAC Code of Practice on Local Council Accounting in the United Kingdom 2011/12 requires adjustment or disclosure have been adjusted or disclosed.
- There are no uncorrected misstatements.

### ***Information Provided***

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

### ***Fraud and non-compliance with laws and regulations***

- I acknowledge responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud.
- I have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- I have disclosed to you all information in relation to fraud or suspected fraud that we are aware of and that affects the Council and involves:
  - Management;
  - Employees who have significant roles in internal control; or
  - Others where the fraud could have a material effect on the financial statements.
- I have disclosed to you all information in relation to allegations of fraud, or suspected fraud, affecting the Council's financial statements communicated by employees, former employees, analysts, regulators or others.
- I have disclosed to you all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing financial statements.

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 Council conducts its business and which are central to the Council's ability to conduct its business or that could have a material effect on the financial statements.

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.

### ***Related party transactions***

I confirm that we have disclosed to you the identity of the Council's related parties and all the related party relationships and transactions of which we are aware.

Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of Section 3.9 of the CIPFA/LASAAC Code of Practice on Local Council Accounting in the United Kingdom 2011/12.

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

### ***Employee Benefits***

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

### ***Contractual arrangements/agreements***

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

### ***Litigation and claims***

I have disclosed to you all known actual or possible litigation and claims whose effects should be considered when preparing the financial statements and such matters have been appropriately accounted for and disclosed in accordance with the CIPFA/LASAAC Code of Practice on Local Council Accounting in the United Kingdom 2011/12.

### ***Taxation***

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

In particular:

- In connection with any tax accounting requirements, I am satisfied that our systems are capable of identifying all material tax liabilities and transactions subject to tax and have maintained all documents and records required to be kept by the relevant tax authorities in accordance with UK law or in accordance with any agreement reached with such authorities.
- I have submitted all returns and made all payments that were required to be made (within the relevant time limits) to the relevant tax authorities including any return requiring us to disclose any tax planning transactions that have been undertaken the Council'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 Council or any associated company for whose taxation liabilities the Council may be responsible.

## **Bank accounts**

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

## **Property, plant and equipment**

I have considered the conclusions of Norfolk Property Services, engaged as experts to assist in the valuation of properties, and based on these and review of other relevant information confirm that the values attributed to Property, Plant and Equipment in the financial statements reflect their fair values as at the balance sheet date. We have no plans or intentions that would materially affect the values of these assets.

## **Use of experts**

I agree with the findings of Hymans Robertson LLP and Norfolk Property Services experts in evaluating the pensions liability and property values and have adequately considered the competence and capabilities of the experts in determining the amounts and disclosures used in the preparation of the financial statements and underlying accounting records. The Council did not give or cause any instructions to be given to experts with respect to the values or amounts derived in an attempt to bias their work, and I am not otherwise aware of any matters that have had an impact on the objectivity of the experts.

## **Provisions**

- Provisions for depreciation and diminution in value including obsolescence have been made against property, plant and equipment on the bases described in the financial statements and at rates calculated to reduce the net book amount of each asset to its estimated residual value by the end of its probable useful life in the Council's business. In this respect I am satisfied that the probable useful lives have been realistically estimated and that the residual values are expressed in current terms.
- Full provision has been made for all liabilities at the balance sheet date including guarantees, commitments (in particular in relation to redundancy plans) and contingencies where the items are expected to result in significant loss. Other such items, where in my opinion provision is unnecessary, have been appropriately disclosed in the financial statements.

## **Litigation**

I am not aware of any pending or threatened litigation, proceedings, hearing or claims negotiations which may result in significant loss to Council.

## **Subsequent events**

Other than as described in the financial statements, 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 Committee at its meeting on 25 September 2012.

**Signed on behalf of Fenland District Council:**

**Rob Bridge (Corporate Director and Chief Finance Officer):**

**Date:**

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**Councillor Florence Newell  
(Chairman of Corporate Governance Committee):**

**Date:**

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