


Agenda Item No:	7	
Committee:	Audit and Risk Management Committee	
Date:	4 December 2024	
Report Title:	Letter of Representation	

## Cover sheet:

### 1 Purpose / Summary

To agree the format and content of the Letter of Representation provided to the independent external auditor (EY) at the conclusion of the audit of the 2022/23 Statement of Accounts.

### 2 Key issues

- Written representation provides an acknowledgement of our responsibilities in relation to the Statement of Accounts.
- The letter required by the independent external auditor is attached.
- The letter requires signing by the Chairman of this Committee and the Council's Chief Finance Officer and will be dated on the proposed audit opinion date (date to be advised by EY).

### 3 Recommendations

- It is recommended that members approve the content and form of the Letter of Representation to be signed by the Chairman of this Committee and the Council's Chief Finance Officer.

<b>Wards Affected</b>	All
<b>Forward Plan Reference</b>	N/A
<b>Portfolio Holder(s)</b>	Cllr Chris Boden, Leader and Portfolio Holder for Finance
<b>Report Originator(s)</b>	Peter Catchpole, Corporate Director and Chief Finance Officer Mark Saunders, Chief Accountant
<b>Contact Officer(s)</b>	Peter Catchpole, Corporate Director and Chief Finance Officer Mark Saunders, Chief Accountant
<b>Background Paper(s)</b>	

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04 December 2024

Dear Mark,

**Fenland District Council – 2022/23 Financial Year  
Letter of Representation**

This letter of representations is provided in connection with your audit of the financial statements of Fenland District Council for the year ended 31 March 2023.

We recognise that obtaining representations from us concerning the information contained in this letter is a significant procedure in enabling you to form an opinion as to whether the financial statements give a true and fair view of the Council's financial position of Fenland District Council as of 31 March 2023 and of its income and expenditure for the year then ended in accordance with CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 (as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets (November 2022)).

We understand that the purpose of your audit of our financial statements is to express an opinion thereon and that your audit was conducted in accordance with International Standards on Auditing (UK), which involves an examination of the accounting system, internal control and related data to the extent you considered necessary in the circumstances, and is not designed to identify - nor necessarily be expected to disclose - all fraud, shortages, errors and other irregularities, should any exist.

Accordingly, we make the following representations, which are true to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves:

**A. Financial Statements and Financial Records**

1. We have fulfilled our responsibilities, under the relevant statutory authorities, for the preparation of the financial statements in accordance with the Accounts and Audit Regulations 2015 and CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 (as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets (November 2022)).<sup>1</sup>

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<sup>1</sup> ISA (UK) 580.10

2. We acknowledge, as members of management of the Council, our responsibility for the fair presentation of the financial statements. We believe the financial statements referred to above give a true and fair view of the financial position, financial performance (or results of operations) and cash flows of the Council in accordance with [the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 (as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets (November 2022) and are free of material misstatements, including omissions. We have approved the financial statements.
3. The significant accounting policies adopted in the preparation of the financial statements are appropriately described in the financial statements.
4. As members of management of the Council, we believe that the Council has a system of internal controls adequate to enable the preparation of accurate financial statements in accordance with the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 (as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets (November 2022), that are free from material misstatement, whether due to fraud or error.<sup>2</sup>
5. There are no unadjusted audit differences identified during the current audit and pertaining to the latest period presented.
6. We confirm the Council does not have securities (debt or equity) listed on a recognized exchange.

#### **B. Non-compliance with law and regulations, including fraud**

1. We acknowledge that we are responsible to determine that the Council's activities are conducted in accordance with laws and regulations and that we are responsible to identify and address any non-compliance with applicable laws and regulations, including fraud.
2. We acknowledge that we are responsible for the design, implementation and maintenance of internal controls to prevent and detect fraud.<sup>3</sup>
3. We have no knowledge of any identified or suspected non-compliance with laws or regulations, including fraud that may have affected the Council (regardless of the source or form and including without limitation, any allegations by "whistleblowers"), including non-compliance matters:
  - involving financial improprieties;
  - related to laws and regulations that have a direct effect on the determination of material amounts and disclosures in the Council's financial statements;
  - related to laws and regulations that have an indirect effect on amounts and disclosures in the financial statements, but compliance with which may be fundamental to the operations of the Council's activities, its ability to continue to operate, or to avoid material penalties;
  - involving management, or employees who have significant roles in internal controls, or others; or
  - in relation to any allegations of fraud, suspected fraud or other non-compliance with laws and regulations communicated by employees, former employees, analysts, regulators or others.<sup>4</sup>

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<sup>2</sup> ISA (UK) 210.6(b)(ii)

<sup>3</sup> ISA (UK) 240.39(a)

<sup>4</sup> ISA (UK) 240.39(c),(d), and ISA (UK) 250A.16

## **C. Information Provided and Completeness of Information and Transactions**

1. We have provided you with:
  - Access to all information of which we are aware that is relevant to the preparation of the financial statements such as records, documentation and other matters;
  - Additional information that you have requested from us for the purpose of the audit; and
  - Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.<sup>5</sup>
2. All material transactions have been recorded in the accounting records and are reflected in the financial statements.<sup>6</sup>
3. We have made available to you all minutes of the meetings of the Council and committees, Audit and Risk Management Committee, Cabinet and Council held through 2022/23 year to the most recent meeting on the following date 30 October 2024.
4. We confirm the completeness of information provided regarding the identification of related parties. We have disclosed to you the identity of the Council's related parties and all related party relationships and transactions of which we are aware, including sales, purchases, loans, transfers of assets, liabilities and services, leasing arrangements, guarantees, non-monetary transactions and transactions for no consideration for the period ended, as well as related balances due to or from such parties at the March 2024 end. These transactions have been appropriately accounted for and disclosed in the financial statements.<sup>7</sup>
5. We believe that the methods, significant assumptions and the data we used in making accounting estimates and related disclosures are appropriate and consistently applied to achieve recognition, measurement and disclosure that is in accordance with Accounts and Audit Regulations 2015 and CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 (as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets (November 2022)).<sup>8</sup>
6. We have disclosed to you, and the Council has complied with, all aspects of contractual agreements that could have a material effect on the financial statements in the event of non-compliance, including all covenants, conditions or other requirements of all outstanding debt.
7. From the date of our last management representation letter through the date of this letter we have disclosed to you, to the extent that we are aware, any (1) unauthorized access to our information technology systems that either occurred or to the best of our knowledge is reasonably likely to have occurred based on our investigation, including of reports submitted to us by third parties (including regulatory agencies, law enforcement agencies and security consultants) , to the extent that such unauthorized access to our information technology systems is reasonably likely to have a material impact to the financial statements, in each case or in the aggregate, and (2) ransomware attacks when we paid or are contemplating paying a ransom, regardless of the amount

## **D. Liabilities and Contingencies**

1. All liabilities and contingencies, including those associated with guarantees, whether written or oral, have been disclosed to you and are appropriately reflected in the financial

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<sup>5</sup> ISA (UK) 580.11(a), ISA (UK) 210.6(b)(iii)

<sup>6</sup> ISA (UK) 580.11(b)

<sup>7</sup> ISA (UK) 550.26

<sup>8</sup> ISA (UK) 540.37 (Revised)

statements.

2. We have informed you of all outstanding and possible litigation and claims, whether or not they have been discussed with legal counsel.<sup>9</sup>

#### **E. Ownership of Assets**

1. Except for assets capitalised under finance leases, the Council has satisfactory title to all assets appearing in the balance sheet, and there are no liens or encumbrances on the Council's assets, nor has any asset been pledged as collateral to the financial statements. All assets to which the Council has satisfactory title appear in the balance sheet.
2. All agreements and options to buy back assets previously sold have been properly recorded and adequately disclosed in the financial statements.
3. We have no plans to abandon lines of product or other plans or intentions that will result in any excess or obsolete inventory, and no inventory is stated at an amount in excess of net realisable value.
4. There are no formal or informal compensating balance arrangements with any of our cash and investment accounts.

#### **F. Use of the Work of a Specialist**

1. We agree with the findings of the specialists that we engaged to evaluate the Council's Asset Valuations and the Pension Fund and have adequately considered the qualifications of the specialists in determining the amounts and disclosures included in the financial statements and the underlying accounting records. We did not give or cause any instructions to be given to the specialists with respect to the values or amounts derived in an attempt to bias their work, and we are not otherwise aware of any matters that have had an effect on the independence or objectivity of the specialists.

#### **G. Estimates**

1. We believe that the selection or application of the methods, assumptions and data used by us have been consistently and appropriately applied or used in making the depreciation charge .

#### **H. Retirement benefits<sup>10</sup>**

1. On the basis of the process established by us and having made appropriate enquiries, we are satisfied that the actuarial assumptions underlying the scheme liabilities are consistent with our knowledge of the business. All significant retirement benefits and all settlements and curtailments have been identified and properly accounted for.

#### **I. Reserves**

1. We have properly recorded or disclosed in the financial statements the useable and unusable reserves.

#### **J. Contingent Liabilities**

1. We are unaware of any violations or possible violations of laws or regulations the effects of which should be considered for disclosure in the financial statements or as the basis of recording a contingent loss (other than those disclosed or accrued in the financial statements).

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<sup>9</sup> ISA (UK) 501.12

## **K. Going Concern<sup>11</sup>**

1. Note 37 to the financial statements discloses all the matters of which we are aware that are relevant to the Council's ability to continue as a going concern, including significant conditions and events, our plans for future action, and the feasibility of those plans.

## **L. Climate-related matters**

1. We confirm that to the best of our knowledge all information that is relevant to the recognition, measurement, presentation and disclosure of climate-related matters has been considered including the impact resulting from the commitments made by the Council and reflected in the financial statements.

*Yours faithfully,*

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Peter Catchpole  
Corporate Director and Chief Finance Officer

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Councillor Kim French  
Chairman of the Audit & Risk Management Committee

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<sup>11</sup> ISA (UK) 570.12-2 (Revised)