

EXTERNAL AUDIT REPORT TO THOSE CHARGED WITH GOVERNANCE

1 SUMMARY

- 1.1 The purpose of this report is to invite Members to give consideration to the External Auditors' report on the results of their audit of the Council's Financial Statements for 2011/12.

2 INTRODUCTION

- 2.1 In order for the External Auditors to certify the 2011/12 Financial Statements in accordance with statutory timescales, it is necessary for Members to give consideration to the 'Report to those Charged with Governance', which is prepared by PKF who will attend this meeting to present their findings.

3 MATTERS ARISING FROM THE AUDIT

- 3.1 The Financial Statements are prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2011. These Statements were approved in a previous item on this agenda.
- 3.2 The changes to the Financial Statements are detailed in the attached PKF report.

4 REPRESENTATION OF THE COUNCIL

- 4.1 The Chairman of the Audit Committee has to sign an annual Statement on behalf of the Council. This Statement is taken from the Draft Letter of Representation Appendix to PKFs report.

5 RECOMMENDATION

It is proposed that Committee **RESOLVES**

- (1) That the report is noted and that implementation of any action plans be reported through the audit process.
- (2) That the Chairman of the Audit Committee can sign the Statement, as outlined in this report.

Yvonne Woodward

Head of Finance

Background Papers:-

None.

For further information please contact Carrie Cox (Financial Services Manager/
Chief Accountant) on:-

Phone: 01702 318164
Email: carrie.cox@rochford.gov.uk

If you would like this report in large print, Braille or another language please contact 01702 318111.



Accountants &
business advisers

Rochford District Council

Annual Governance Report

2011/12

September 2012

DRAFT

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

The Statement of Responsibilities of Auditors and Audited Bodies issued by the Audit Commission contains an explanation of the respective responsibilities of auditors and of the audited body. Reports and letters prepared by appointed auditors are addressed to members or officers. They 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.

We accept no responsibility for any reliance that might be placed on reports and letters for any purpose by third parties, to whom it should not be shown without our prior written consent.

[Code of Audit Practice](#)

[Statement of Responsibilities](#)

1 Executive summary

- 1.1 The purpose of this report is to communicate to you the significant findings from the audit of Rochford District Council's financial statements and arrangements to secure economy, efficiency and effectiveness in the use of resources. A summary is set out below:

Area of audit	Findings and conclusion
Financial statements	
Financial statements	<p>No material misstatements were identified as a result of our audit work.</p> <p>Some uncorrected non-trivial but not material errors have been identified and these are detailed in Appendix B.</p> <p>Some areas of work are still outstanding at the time of drafting this report. Should these result in any significant issues, we will give an oral update to the Audit Committee.</p> <p>The detailed findings from our work are set out in section 3.</p> <p>Subject to satisfactory completion of the outstanding work, we anticipate issuing an unqualified true and fair opinion on the financial statements for the year ending 31 March 2012.</p>
Annual Governance Statement	We are satisfied that the Annual Governance Statement is not inconsistent or misleading with other information we are aware of from our audit of the financial statements.
Whole of government accounts	Our work to review the consistency of the whole of government accounts return with the audited financial statements is in progress and an oral update will be given at the Audit Committee.
Internal controls	We have no significant matters to report that we wish to bring to the attention of the Audit Committee.
Use of resources	
Value for money conclusion	<p>We are satisfied that, in all significant respects, the Council has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2012.</p> <p>The detailed findings from our work are set out in section 4.</p> <p>We anticipate issuing an unqualified value for money conclusion.</p>

Acknowledgement

- 1.2 We would like to thank staff for their co-operation and assistance during the audit and throughout the period.

2 Introduction

- 2.1 International Standards on Auditing (ISAs) (UK and Ireland) and the Audit Commission's Code of Audit Practice require that we report to those responsible for financial governance and reporting (those charged with governance) the key findings of our audit prior to issuing our opinion on the financial statements and our value for money conclusion. This report summarises the results of our audit work completed to date in respect of the financial statements and arrangements to secure economy, efficiency and effectiveness in the use of resources for the year ended 31 March 2012.
- 2.2 Our report is presented to the Audit Committee in accordance with the provisions of ISA (UK & Ireland) 260 *Communication with those charged with governance*, ISA 265 *Communicating Deficiencies in Internal Control to Those Charged with Governance* and Management, and the *Code of Audit Practice*.
- 2.3 The contents of this report have been discussed and agreed with the Head of Finance.

Findings

- 2.4 Recommendations in response to the key findings identified by our audit of the financial statements and use of resources work are provided in the action plan at Appendix A. These recommendations have been discussed with appropriate officers and their responses are included. Additionally we have reported orally to management other non-significant findings from our audit.
- 2.5 We would highlight that in this report we do not provide a comprehensive statement of all weaknesses that may exist in the financial and operational systems, but only those matters which have come to our attention as a result of the audit procedures performed.

Independence

- 2.6 We confirm that we are not aware of any relationships that may bear on our independence and objectivity as auditors and that our independence declaration, included in the Audit Plan for 2011/12, has remained valid throughout the period of the audit.

3 Financial statements

- 3.1 We are required to provide an opinion on whether your financial statements give a true and fair view of your financial position and income and expenditure and whether they have been prepared properly, in accordance with appropriate legislation and relevant accounting guidance. To do this we carry out risk based procedures designed to obtain sufficient appropriate audit evidence to determine with reasonable confidence whether the financial statements are free from material misstatement and evaluate the overall presentation.
- 3.2 In carrying out our work we determine and apply a level of materiality. Materiality is the expression of the relative significance or importance of a particular matter in the context of the financial statements as a whole, or individual elements of the financial statements as appropriate. Consequently, the audit cannot be relied upon to identify *all* risks or potential and actual misstatements.
- 3.3 We consider misstatements of less than £12,000 to be trivial to the financial statements, unless the misstatement is indicative of fraud, and have not reported them. This is unchanged from the triviality level that was reported in our Audit Plan.

Reporting to those charged with governance

- 3.4 We have set out below those matters relevant to our audit that, under auditing standards, require reporting to those charged with governance or which we believe should be reported to you to assist you with your governance duties.

Significant risks of material misstatement

- 3.5 We reported our risk assessment, which brought to your attention areas that require additional or special audit consideration and are considered a significant audit risk, in the 2011/12 Audit Plan issued in February 2012. We have since undertaken a more detailed assessment of risk following our completion of the interim review of financial controls and review of the Council's draft financial statements.
- 3.6 Our updated risk assessment identified revenue recognition as a significant risk as there is a presumption in ISA (UK&I) 240 that there are risks of fraud in revenue recognition, particularly those revenue areas that relate to fees and charges.
- 3.7 Our audit approach was designed to address these significant risks and any relevant issues arising have been set out in the remainder of this report.

Accounting practices

Financial statements preparation

- 3.8 The requirement for Members to approve the draft financial statements by 30 June was removed by the Accounts and Audit Regulations 2011, however these regulations introduced the requirement for the Responsible Financial Officer to sign and present the financial statements for audit by 30 June. The financial statements were signed and presented for audit on 22 June 2012.
- 3.9 As part of our planning for the audit, we prepared a detailed document request which outlined the information that we would require to complete the audit. The Council provided us with files of comprehensive working papers on 6 August 2012, in line with the agreed timetable.

Accounting policies

- 3.10 The following changes have been introduced by the *2011 Code of Practice on Local Authority Accounting in the United Kingdom* (the 'Code'), resulting in changes in accounting practice:
- The adoption of FRS30 *Heritage Assets*, requiring that heritage assets are carried at valuation, with comprehensive disclosure note requirements
 - Amendments to the related party disclosures required in respect of central government departments, government agencies, NHS bodies and other local authorities to clarify the nature of those related party relationships and simplify the information disclosed.
 - New disclosure requirements for exit packages to disclose the number and cost of exit packages agreed in the year
 - The introduction of disclosure requirements in relation to the nature and amount of trust funds (a previous Statement of Recommended Practice requirement that has been reinstated).
- 3.11 The Council has dealt with the implementation of these changes, where applicable, in an appropriate manner and assisted the audit in the review of the changes required.

Disclosures

- 3.12 We identified a small number of departures from the expected presentation of the financial statements or where notes and other disclosures had not been presented in accordance with the Code. These matters have been amended in the financial statements, none of which impact on the reported financial outturn in the Consolidated Income and Expenditure Statement (CIES), and include:
- Amounts due within one year in relation to finance leases were incorrectly included within long term liabilities. An adjustment of £327,000 was made to move this into short term creditors.

- The financial instruments note incorrectly included statutory creditors of £198,000. Financial instruments are only those obligations arising under contracts, and not those arising due to a statutory obligation, such as council tax creditors.
- Note 28 Grant Income was updated to include non-ring fenced grants of £275,000 relating to the New Homes Bonus and the Council Tax Freeze Grant.

Uncorrected misstatements

3.13 We are required to report to you uncorrected misstatements that relate to the current financial year (including those arising in previous periods that have an effect on the current year financial statements) and the effect that they have individually, or in aggregate, on the financial statements, except for those that are clearly trivial. These are set out below and their potential impact is summarised at Appendix B:

- **Derecognition of capital works:** During the year the Council replaced the electrical and heating systems components of the building at the South Street offices and has derecognised (written out of the books) the replaced components using guideline component percentages of the total property value, provided by the Valuer, to estimate their value. The guideline percentages used are not specific to South Street. Our view is that a more appropriate estimation of the value of components to be derecognised would be based on the actual capitalised cost of these works, as described in the Code. The impact of the difference in these two estimation techniques is that property, plant and equipment is understated by £158,000, and expenditure overstated by the same amount.
- **New Homes Bonus:** The Council received a payment of grant for the new homes bonus of £22,000 in March 2012 that was described as 'The new homes bonus scheme grant determination 2012-13. The Council did not account for this as income in the year. However, the Code requires that where a grant is received, and there are no conditions attached to the grant, the amount should be recognised as income immediately.

3.14 We have requested that these misstatements be corrected and seek written representation from those charged with governance that they acknowledge these misstatements and that they are satisfied with management's reasoning for not correcting the financial statements. The draft letter of representation is set out in Appendix C.

Misstatements corrected by management

3.15 In addition to those matters reported in paragraphs 3.13 and 3.14, we identified some departures from the expected presentation of the financial statements or where notes and other disclosures had not been presented in accordance with the guidance in the Code of Practice that have been amended by the Council. They include:

- Depreciation charge
- Misclassification of Capital Expenditure as Revenue Expenditure Funded from Capital Under Statute (REFCUS).

Depreciation charge

3.16 Our review of the useful economic lives (UELs) of the Council's property, plant and equipment identified an error in the calculation of the depreciation charge.

3.17 The Council uses an Excel spread sheet to calculate the annual depreciation charge. An error in one of the spread sheet formulas resulted in an overstatement of the depreciation charge for 2011/12 of £38,000 and also a brought forward error of £124,000 in the stated net book value of assets at the beginning of the year. Correction of these errors results in £46,000 decrease in the net book values as at 31 March 2012.

Misclassification of capital expenditure as REFCUS

3.18 Our testing identified that capital expenditure of £237,000 was misclassified as REFCUS, which under the Code is taken as a charge in the CIES rather than being capitalised. Under the Code this is then reversed out of the General Fund Reserve Balance as at the year end and taken to the Capital Adjustment Account Reserve Balance. As a result property, plant and equipment and the Capital Adjustment Account is understated by £237,000 and the charge to the CIES is overstated by the same amount. There is no overall impact on the General Fund Balance. This misstatement has been corrected in the financial statements.

3.19 Further investigation of this matter identified incorrect charging of REFCUS in prior years. Our extended testing of the extent of these prior year misstatements concluded that they were not material to the financial statements and their cumulative impact on the net book value of property, plant and equipment as at 31 March 2012 is an understatement of £344,000, which is also not material. This has not been corrected in the financial statements and has, consequently, been included in Appendix B.

Other matters

- 3.20 We are required to communicate other 'audit matters of governance interest that arise from the audit of the financial statements' to you which includes:
- Significant deficiencies in internal control identified during the audit
 - Matters specifically required by other auditing standards to be communicated to those charged with governance (e.g. issues relating to fraud, compliance with laws and regulations, subsequent events etc.)
 - Other audit matters of governance interest.
- 3.21 There are no others matters which we wish to draw to your attention and we can confirm:
- We were able to place reliance on the work of Internal Audit
 - We are satisfied that the draft Annual Governance Statement is not inconsistent with the evidence provided in the review of effectiveness and our knowledge of the Council.
- 3.22 The work on the Whole of Government Accounts Return is still on-going and an oral update will be provided at the Audit Committee.

Written representations

- 3.23 We are required by ISAs to obtain written confirmation from you of certain representations that have been made during the course of our audit. The draft letter of representation has been attached as Appendix C.
- 3.24 We do not anticipate any changes being required before providing our opinion on the financial statements.

Audit report

- 3.25 Subject to satisfactory resolution of the following outstanding issues and final clearance of the audit, we anticipate issuing an unqualified audit opinion on the financial statements:
- Completion of testing on the Whole of Government Accounts
 - Clearance of review points.
- 3.26 We will provide an oral update on these outstanding issues at the Audit Committee.

4 Use of resources

- 4.1 We are required to be satisfied that proper arrangements have been made to secure economy, efficiency and effectiveness in the use of resources (value for money).
- 4.2 In accordance with our Audit Plan, our principal work in arriving at our value for money conclusion was comparing the Council's performance against characteristics specified by the Audit Commission in its guidance to auditors. The focus of our work in 2011/12 involved reviewing the financial resilience of the organisation and its arrangements for challenging economy, efficiency and effectiveness in the use of resources.

Financial resilience

- 4.3 Our financial resilience work has considered the Council's arrangements for financial governance, financial planning and financial control, including improvements in arrangements over the prior year.
- 4.4 There is continuing financial pressure on the Council with the 2011/12 Formula Grant settlement of £3.64m representing a further 16.5% reduction in grant from that received in 2010/11. The Council has a track record of achieving its efficiency plans and making required savings. This remained the case in 2011/12 with targeted savings of £1.4m for the year being achieved.
- 4.5 The Council also has a good track record of achieving budgets and its financial management arrangements remain adequate with no contra-indicators that would indicate a weakened position in terms of maintaining financial resilience. The General Fund Balance as at 31 March 2012 was £819,000. This was after a decrease for the year of £122,000, of which £75,000 was a transfer to earmarked reserves. This was less than the budgeted use of reserves and, therefore, represents better than expected outturn performance.
- 4.6 The Council's policy on reserves is to risk assess the minimum level of General Fund reserves required each year as part of the budgeting process. The minimum recommended level for 2011/12 was £620,000 and the outturn position of £819,000 remains above this level.
- 4.7 From review of current documentation, the Council is on track to deliver its 2012/13 budget and has already delivered on achieving £700,000 of its required £900,000 savings for the year. The medium term financial strategy indicates that the Council will be in a position to make contributions to reserves over the medium term, building them up to twice current levels, assuming that savings of approximately £200,000 per annum can be achieved. This is a reasonable current assumption.
- 4.8 The Council already outsources a number of services in order to achieve savings and has been actively reviewing the on-going value for money (VFM) of these arrangements.

Challenging economy, efficiency and effectiveness

- 4.9 Due to the continuing financial pressures faced by the Council its approach to challenging and securing VFM in 2011/12 has remained primarily focused on a fundamental review of all lines in the Council's baseline budget and of levels of service provided. This approach was complemented by a benchmarking comparison of the Council's position relative to its nearest neighbours in terms of its levels of income and spend, using the Audit Commission's Value for Money Profiling Tool.
- 4.10 The Council's internal review of its position against the Profiling Tool did not identify any areas of concern where action was not already being taken, evidencing a proactive approach to identifying potential areas for VFM improvement. Our own independent review concluded that there were reasonable explanations for areas in which the Council's performance was an outlier compared to those of its nearest neighbours (these continue to be consistent year on year).
- 4.11 Our review did not identify any contra-indicators that would lead us to conclude that the Council's strategic and operational management arrangements had deteriorated and there is evidence that arrangements for securing and challenging VFM, as previously assessed, have continued to operate as expected in the areas of strategic and financial planning and monitoring, benchmarking activity and risk and performance management.
- 4.12 In addition, the Council has continued to actively explore the potential for greater partnership working, in a variety of guises, and has progressed joint working in areas including car parking and collaborative procurement projects. It has also identified and realised income maximisation opportunities to the value of approximately £170,000.

Audit report (value for money conclusion)

- 4.13 Our value for money conclusion is based on considering our overall risk assessment, focusing on the two criteria set by the Audit Commission, and the results of risk based audit work, as well as consideration of the processes underpinning your review of the effectiveness of your controls as described in your Annual Governance Statement.
- 4.14 We anticipate issuing an unqualified value for money conclusion for the year ended 31 March 2012.

Appendix A: Action Plan

Conclusions from work	Recommendations	Management responses	Responsibility	Timing
Financial statements				
The Council has derecognised amounts in respect of heating and electrical capital works based on the percentage of the total asset that the component makes up, rather than the actual capitalised cost of these works as recommended by the Code. The Council's methodology for calculating derecognitions may lead to the value of the Council's assets being understated.	1. Review the methodology for calculating the value of derecognised additions and enhancements, ensuring that this is compliant with the Code.	Agreed.	Financial Services Manager	June 2013

Conclusions from work	Recommendations	Management responses	Responsibility	Timing
<p>The Council received their first instalment of the 2012/13 New Homes Bonus in March 2011/12. As the grant has no conditions attached, the Code requires that the income be recognised immediately in 2011/12. Instead, the Council have recognised the income in 2012/13.</p> <p>Failure to establish whether or not a grant has conditions attached may result in an accounting treatment that does not comply with the Code and subsequent misstatement of the Council's income.</p>	<p>2. Review each grant received for any attached conditions against the accounting treatment specified in the Code.</p>	<p>Whilst accepting that we have not followed the strict interpretation of the Code, for such a high profile grant stream as the New Homes Bonus, it is felt to be important that the amount shown in the Accounts agrees to the amount published in various documents including the budget and grant determination. We will amend our Accounting Policies to reflect this.</p>	<p>Financial Services Manager</p>	<p>March 2013</p>
<p>A report to support the Penalty Charge Notice debtor included in the financial statements at the year end could not be provided as this is a 'live' system.</p> <p>There is a risk that this debtor may be misstated in the financial statements.</p>	<p>3. Retain a hard copy of the Penalty Charge Notice report at the year end to support the debtor figure included within the financial statements.</p>	<p>Agreed.</p>	<p>Transportation Manager</p>	<p>March 2013</p>

Conclusions from work	Recommendations	Management responses	Responsibility	Timing
The prior year misstatement identified in relation to REFCUS will have an on-going impact on the net book value of property, plant and equipment unless the relevant assets are correctly capitalised and depreciated. Community assets that are not depreciated will remain a misstatement if not corrected. The misstatement in relation to other assets that are subject to depreciation will reduce over time.	4. Review the expenditure historically capitalised as REFCUS and capitalise where appropriate.	Agreed.	Financial Services Manager	March 2013

Appendix B: Uncorrected misstatements

The table below details the potential differences recorded during the audit that have not been adjusted for within the financial statements:

Uncorrected misstatements	Income Over/ (Under) £'000	Expenses (Over)/ Under £'000	Assets (Over)/ Under £'000	Liabilities Over/ (Under) £'000	Reserves Over/ (Under) £'000
<p>Factual misstatements</p> <p>Being the understatement of income due to the March 2012 instalment of the New Homes Bonus not being recognised in the year.</p> <p>Being the understatement of net book values as a result of misclassifying capital expenditure as REFCUS in prior years.</p>	(22)		344		22 (344)
<p>Judgemental misstatements</p> <p>Being the overstatement of the value of heating and electrical components derecognised following capital works on the Council's South Street Offices.</p>			158		(158)
<p>Projected misstatements (extrapolation of errors)</p> <p>None</p>					
<p>Total net misstatements</p> <p>- Net overstatement of costs</p> <p>- Net understatement of net assets</p>	(22) (22)		502 22		(480)

Appendix C: Draft letter of representation

Representations for the preparation of the Statement of Accounts (as set out below), which includes the financial statements, will be sought from the Head of Finance (as the Responsible Financial Officer) and from Members on behalf of the Council in relation to its responsibility to approve the Statement of Accounts and the Annual Governance Statement.

PKF (UK) LLP
Farringdon Place
20 Farringdon Road
London
EC1M 3AP

26 September 2012

Dear Sirs

Financial statements of Rochford District Council for the year ended 31 March 2012

This representation letter is provided in connection with your audit of the financial statements of Rochford District Council for the year ended 31 March 2012 for the purpose of expressing an opinion as to whether the financial statements give a true and fair view, have been properly prepared in accordance with the relevant financial reporting framework and have been prepared in accordance with the requirements of applicable law.

I confirm to the best of my knowledge and belief, and having made appropriate enquiries of directors and management of the Council, the following representations given to you in connection with your audit of the Council's financial statements:

FINANCIAL STATEMENTS

Responsibility for the financial statements

I acknowledge as the Head of Finance and s151 Officer my responsibilities for the Statement of Accounts, which include the financial statements, and for ensuring that these are prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom.

Accounting policies

I confirm that the selection and application of the accounting policies used in the preparation of the financial statements are appropriate.

Significant assumptions

The following significant assumptions used in making accounting estimates, including those measured at fair value, are reasonable and appropriate:

Pension fund assumptions

I confirm that the actuarial assumptions underlying the valuation of the Local Government Pension Scheme (LGPS) scheme liabilities, as applied by the scheme actuary, are reasonable and consistent with my knowledge of the business. These assumptions include:

- | | |
|--|-------|
| • Rate of inflation (RPI) | 3.3% |
| • Rate of inflation (CPI) | 2.5% |
| • Rate of increase in salaries | 4.3% |
| • Rate of increase in pensions | 2.5% |
| • Rate for discounting scheme liabilities | 4.6% |
| • Take up option to convert the annual pension | 50.0% |

into retirement grant

I also confirm that the actuary has applied up-to-date mortality tables for life expectancy of scheme members in calculating scheme liabilities.

Fair value measurements and disclosures

I confirm that the valuation at which land and buildings are carried in the financial statements is a reasonable approximation of their fair values, on the bases required by the Code of Audit Practice.

Plans or intentions

I confirm that the Council has no plans or intentions that may materially alter the carrying value and, where relevant, the fair value measurements or classification of assets and liabilities reflected in the financial statements.

Litigation and claims

I have disclosed to you all known actual or possible litigation and claims, the effects of which should be considered when preparing the financial statements and these have been accounted for and disclosed in accordance with the applicable financial reporting framework.

Related parties

I confirm that related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of the applicable financial reporting framework.

Subsequent events

There have been no events since the balance sheet date which necessitate revision of the figures included in the financial statements or inclusion of a note thereto. Should any material events occur, which may necessitate revision of the figures included in the financial statements or inclusion of a note thereto, I will advise you accordingly.

Uncorrected misstatements

I believe that the uncorrected misstatements identified during the audit are immaterial both individually and in aggregate to the view given by the financial statements as a whole. A list of these items is attached as an appendix to this letter

Going concern

I confirm that we are satisfied that it is appropriate for the financial statements to have been drawn up on the going concern basis. In reaching this conclusion I have taken into account all relevant matters of which I am aware and have considered a future period of at least one year from the date on which the financial statements will be approved.

INFORMATION PROVIDED

Completeness of information

All the accounting records have been made available to you for the purpose of your audit. I have provided you with all other information requested and given unrestricted access to persons within the Council from whom you determined it necessary to obtain audit evidence. All other records and related information, including minutes of all management and Committee meetings held during the year and up to the date of this letter have been made available to you.

All transactions undertaken by the Council have been recorded in the accounting records and are reflected in the financial statements.

There is no relevant audit information needed by you in connection with preparing your audit report of which you are unaware.

Internal control

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

There have been no deficiencies in internal control of which I am aware.

Fraud

I have disclosed to you the results of my assessment of the risk that the financial statements could be materially misstated as a result of fraud.

I am not aware of any fraud or suspected fraud affecting the financial statements, nor have any allegations of fraud or suspected fraud affecting the financial statements been communicated to me by employees, former employees, councillors, regulators or others.

Compliance with law and regulations

I am not aware of any actual or possible instances of non-compliance with laws and regulations whose effects should be considered when preparing the financial statements of the Council.

Related parties

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

Liabilities, contingent liabilities or guarantees

There are no liabilities, contingent liabilities or guarantees to third parties other than those disclosed in the financial statements.

Title to assets

The Council has satisfactory title to all assets and there are no liens or encumbrances on the assets except for those disclosed in the financial statements.

Yours faithfully

Yvonne Woodward
Head of Finance

Representations of the Council

We confirm to the best of our knowledge and belief, and having made appropriate enquiries of other officers and members of the Council, the following representations given to you in connection with your audit of the Council's financial statements.

Responsibility for the financial statements

We acknowledge our responsibilities to make arrangements for the proper administration of the Council's financial affairs and to approve the Statement of Accounts, which include the financial statements. The Head of Finance is responsible for the preparation of the Statement of Accounts, which include the financial statements, in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom.

Uncorrected misstatements

We have considered the uncorrected misstatements in the financial statements as listed in Appendix 1 to this letter together with the explanations provided by the Head of for not correcting these misstatements, and we consider them to be immaterial to the view given by the financial statements.

Annual Governance Statement

We confirm that the Council has conducted a review during the year of the effectiveness of its system of internal control. We are satisfied that the Annual Governance Statement appropriately reflects the circumstances of the Council and includes an outline of the actions taken, or proposed, to deal with significant internal control issues.

Yours faithfully

Councillor Toby Mountain
Audit Committee Chair

Signed on behalf of the Council

Note: Appendix 1 referred to in this letter relates to Appendix B in this report