

# Letter of representations: Audit of Council only financial statements

[To be prepared on the entity's letterhead]

17/08/2016

Stephen Clark  
Ernst & Young  
No. 1 Colmore Square  
Birmingham  
B4 6HQ

Dear Stephen

This letter of representations is provided in connection with your audit of the financial statements of Hinckley and Bosworth Borough Council ("the Council") for the year ended 31/03/2016. 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 financial position of Hinckley and Bosworth Borough Council as of 31/03/2016 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 2015/16.

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 and Ireland), 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 2015/16.<sup>1</sup>
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 and cash flows of the Council in accordance with the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2015/16]. We have approved the financial statements.

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

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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 2015.16, 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.

## **B. Fraud**

1. We acknowledge that we are responsible for the design, implementation and maintenance of internal controls to prevent and detect fraud.<sup>3</sup>
2. We 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.<sup>4</sup>
3. We have no knowledge of any fraud or suspected fraud involving management or other employees who have a significant role in the Council's internal controls over financial reporting. In addition, we have no knowledge of any fraud or suspected fraud involving other employees in which the fraud could have a material effect on the financial statements. We have no knowledge of any allegations of financial improprieties, including fraud or suspected fraud, (regardless of the source or form and including without limitation, any allegations by "whistleblowers") which could result in a misstatement of the financial statements or otherwise affect the financial reporting of the Council.<sup>5</sup>

## **C. Compliance with Laws and Regulations**

1. We have disclosed to you all identified or suspected non-compliance with laws and regulations whose effects should be considered when preparing the financial statements.<sup>6</sup>

## **D. 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;

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

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

<sup>4</sup> ISA (UK and Ireland) 240.39(b)

<sup>5</sup> ISA (UK and Ireland) 240.39(c),(d)

<sup>6</sup> ISA (UK and Ireland) 250A.16

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- 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>7</sup>
2. All material transactions have been recorded in the accounting records and are reflected in the financial statements.<sup>8</sup>
  3. We have made available to you all minutes of the meetings of the Council and Executive and Audit committees held through the Financial Year to the most recent meeting on the following date: 25 August 2016.
  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 Financial Year end. These transactions have been appropriately accounted for and disclosed in the financial statements.<sup>9</sup>
  5. We believe that the significant assumptions we used in making accounting estimates, including those measured at fair value, are reasonable.<sup>10</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.

## **E. 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 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>11</sup>
3. We have recorded and/or disclosed, as appropriate, all liabilities related litigation and claims, both actual and contingent, and have disclosed in Note 39 to the financial statements all guarantees that we have given to third parties.<sup>12</sup>
4. *No claims in connection* with litigation have been or are expected to be received.<sup>13</sup>

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<sup>7</sup> ISA (UK and Ireland) 580.11(a), ISA (UK and Ireland) 210.6(b)(iii)

<sup>8</sup> ISA (UK and Ireland) 580.11(b)

<sup>9</sup> ISA (UK and Ireland) 550.26

<sup>10</sup> ISA (UK and Ireland) 540.22

<sup>11</sup> ISA (UK and Ireland) 501.12

<sup>12</sup> ISA (UK and Ireland) 501.12

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## **F. Subsequent Events**

1. There have been no events subsequent to period end which require adjustment of or disclosure in the financial statements or notes thereto.<sup>14</sup>

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

1. We agree with the findings of the specialists that we engaged to evaluate the Valuations of specified Land and Property 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.

Yours faithfully,

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(Chief Financial Officer)

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(Chief Executive

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<sup>13</sup> ISA (UK and Ireland) 501.12

<sup>14</sup> ISA (UK and Ireland) 560.9