

**LETTER OF REPRESENTATION 2009/10****SUMMARY**

- 1.1 As part of the accounts closure process, local authorities are required to submit a letter of representation to their external auditors.

**RECOMMENDATION**

- 2.1 To note the letter of representation in relation to the 2009/10 Statement of Accounts to be signed by the Strategic Director of Resources and the Chief Executive.

**REASONS FOR RECOMMENDATION**

- 3.1 Under the International Standard on Auditing (UK & Ireland), (ISA 580), 'Management Representations' and the Local Government Accounting Code of Practice (issued by CIPFA) the Council is required to submit a letter of representation to its external auditors, Grant Thornton.

**SUPPORTING INFORMATION**

- 4.1 The Letter of Representation in Appendix 2 sets out assurances from the Council to Grant Thornton that relevant accounting standards and disclosure requirements have been complied with.

**OTHER OPTIONS CONSIDERED**

- 5.1 Not applicable

This report has been approved by the following officers:

<b>Legal officer</b> <b>Financial officer</b> <b>Human Resources officer</b> <b>Service Director(s)</b> <b>Other(s)</b>	Martyn Marples, Director of Finance and Procurement
<b>For more information contact:</b>  <b>Background papers:</b> <b>List of appendices:</b>	Chloe Kenny, Corporate Group Accountant, 01332 255219 e-mail chloe.kenny@derby.gov.uk None Appendix 1 – Implications Appendix 2 – Letter of Representation

<b>IMPLICATIONS</b>
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**Financial**

- 1.1 None directly arising.

**Legal**

- 2.1 Compliance with the International Standard on Auditing (UK & Ireland), (ISA 580), 'Management Representations' and the Local Government Accounting Code of Practice (issued by CIPFA).

**Personnel**

- 3.1 None directly arising.

**Equalities Impact**

- 4.1 None directly arising.

**Health and Safety**

- 5.1 None directly arising.

**Carbon commitment**

- 6.1 None directly arising.

**Value for money**

- 7.1 None directly arising.

**Corporate objectives and priorities for change**

- 8.1 The areas that are to be subject to external audit or inspection are generally relevant to delivery of corporate objectives and priorities.

## APPENDIX 2

Grant Thornton UK LLP  
Enterprise House  
115 Edmund Street  
Birmingham  
B3 2HJ

23 September 2010

Dear Sirs

Derby City Council  
Statement of Accounts for the Year Ended 31 March 2010

We confirm to the best of our knowledge and belief that the following representations are made on the basis of appropriate enquiries of other officers and members with relevant knowledge and experience (and, where appropriate, of inspection of supporting documentation) sufficient to satisfy ourselves that we can properly make each of the following representations to you in respect of your audit of the above statement of accounts.

- i We acknowledge our responsibilities for ensuring that the statement of accounts are prepared which give a true and fair view of the financial position of the Council and the Group in accordance with the SoRP and for making accurate representations to you. All references to the Council includes reference to members of the Group where they are material in relation to the Group accounts.
- ii As far as we are aware:
  - a there is no relevant audit information of which you are unaware
  - b we have taken all steps that we ought to have taken to make ourselves aware of any relevant audit information and to establish that you are aware of that information
- iii We have complied with the requirements of all statutory directions and these matters have been appropriately reflected and disclosed in the statement of accounts.
- iv All the accounting records have been made available to you for the purpose of your audit and all the transactions undertaken by the Council have been properly recorded in the accounting records and reflected in the statement of accounts.
- v All other records and related information, including minutes of all Council and Committee meetings, have been made available to you.

- vi We acknowledge our responsibilities for making the accounting estimates included in the statement of accounts. Where it was necessary to choose between estimation techniques that comply with the 2009 SoRP, we selected the estimation technique considered to be the most appropriate to the Council's particular circumstances for the purpose of giving a true and fair view. Those estimates reflect our judgment based on our knowledge and experience about past and current events and are also based on our assumptions about conditions we expect to exist and courses of action we expect to take.
- vii The split of the Unitary Charge for the Grouped Schools and Street Lighting PFI schemes have been determined using appropriate modelling based on our best estimate of the charges for capital, service and lifecycle costs from the Operator's respective models.
- viii We confirm that we are satisfied that the actuarial assumptions underlying the valuation of pension scheme liabilities for FRS 17 disclosures are consistent with our knowledge. We confirm that all settlements and curtailments have been identified and properly accounted for. We also confirm that all significant retirement benefits have been identified and properly accounted for (including any arrangements that are statutory, contractual or implicit in the employer's actions, that arise in the UK or overseas, that are funded or unfunded).
- ix The statement of accounts are free of material misstatements, including omissions.
- x We acknowledge our responsibility for the design and implementation of internal control to prevent and detect error and fraud.
- xi We have disclosed to you the results of our assessment of the risk that the statement of accounts may be materially misstated as a result of fraud.
- xii We are not aware of any irregularities, including fraud, involving management or employees of the Council. We are not aware of any instances of actual or possible non-compliance with laws, regulations, contracts, agreements or the Council's constitution that might result in the Council suffering significant penalties, other loss or affecting the statement of accounts. No allegations of such irregularities, including fraud, or such non-compliance have come to our notice.
- xiii All related parties have been identified to you and there were no transactions with related parties other than those disclosed in the statement of accounts.
- xiv Except as stated in the accounts:
  - a there are no unrecorded liabilities, actual or contingent
  - b none of the assets of the Council has been assigned, pledged or mortgaged
  - c there are no material prior year charges or credits, nor exceptional or non-recurring items requiring separate disclosure
- xv We have disclosed to you the likely outcomes of litigation or uncertain situations, which have been disclosed in the statement of accounts where appropriate.
- xvi The Council has complied with all aspects of contractual agreements that could have a material effect on the statement of accounts in the event of non-compliance. There has been no non-compliance with requirements of regulatory

authorities that could have a material effect on the statement of accounts in the event of non-compliance.

- xvii We have no plans or intentions that may materially alter the carrying value or classification of assets and liabilities reflected in the statement of accounts, other than as required by the restatement of accounts under International Financial Reporting Standards in accordance with the 2010 Code.
- xviii No significant events having an effect on the financial position of the Council have taken place since the balance sheet date which necessitate revision of the figures included in the statement of accounts or inclusion of a note thereto.
- xix We believe that the Council's statement of accounts should be prepared on a going concern basis on the grounds that current and future sources of funding or support will be more than adequate for the Council's needs. We believe that no further disclosures relating to the Council's ability to continue as a going concern need to be made in the statement of accounts.

### **Approval**

The approval of this letter of representation was minuted by the Audit and Accounts Committee at its meeting on 23 September 2010

Signed on behalf of Derby City Council.

Name .....

Name.....

Position .....

Position .....

Date .....

Date .....

(The Chief Executive and the Strategic Director of Resources should sign letter)