

# RIBBLE VALLEY BOROUGH COUNCIL REPORT TO ACCOUNTS AND AUDIT COMMITTEE

Agenda Item No 6b

meeting date: 16 SEPTEMBER 2009  
title: LETTER OF REPRESENTATION  
submitted by: DIRECTOR OF RESOURCES  
principal author: JANE PEARSON

## 1 PURPOSE

- 1.1 To approve the letter of representation the Audit Commission require me to sign before they will sign off our accounts.

## 2 BACKGROUND

- 2.1 As you will be aware, each year our external auditors request a letter of representation from management confirming all material items have been disclosed within the financial statements.
- 2.2 The letter sets out assurances from the Council to the Audit Commission that relevant accounting standards have been complied with and gives further assurances that the Council has disclosed information where to withhold it would have undermined the accuracy and reliability of the Statement of Accounts. The letter also covers my and the Council's responsibilities in producing the annual accounts for the authority.

## 3 2008/09 LETTER OF REPRESENTATION

- 3.1 The letter sets out assurances from the Council to the Audit Commission that relevant accounting standards have been complied with and gives further assurances that the Council has disclosed information where to withhold it would have undermined the accuracy and reliability of the Statement of Accounts.
- 3.2 During the course of the audit our auditors have identified two areas where, in their opinion, the correct accounting treatment has not been applied. These are classed as misstatements. As they are regarded as non material we are not required to adjust our accounts for them. The two areas are:
- Equal Pay claims
  - Accruals accounting for gas, electricity and telephone payments

Further details of both, and the reasons we have not adjusted our accounts for them, are shown in the Letter of Representation attached.

## 4 RECOMMENDED THAT COMMITTEE

- 4.1 Approve my signing of the Letter of Representation for 2008/09 to the Audit Commission.

DIRECTOR OF RESOURCES

AA14-09/JP/AC  
7 SEPTEMBER 2009



# RIBBLE VALLEY BOROUGH COUNCIL

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Clive Portman  
District Auditor  
Audit Commission  
2<sup>nd</sup> Floor  
Aspinall House  
Aspinall Close  
Bolton  
BL6 6QQ

Council Offices  
Church Walk, Clitheroe  
Lancashire BB7 2RA

Tel:01200 425111  
[www.ribblevalley.gov.uk](http://www.ribblevalley.gov.uk)

## **Ribble Valley Borough Council - Audit for the 2008/09 year ended 31 March 2009.**

I confirm to the best of my knowledge and belief, having made appropriate enquiries of other officers of Ribble Valley Borough Council, the following representations given to you in connection with your audit of the Council's financial statements for the year 2008/09 ended 31 March 2009.

### ***Compliance with the statutory authorities***

I acknowledge my responsibility under the relevant statutory authorities for preparing the financial statements, in accordance with the Code of Practice for Local Authority Accounting in the United Kingdom: A Statement of Recommended Practice, which present fairly the financial position and financial performance of the Council and for making accurate representations to you.

### ***Supporting records***

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 reflected and recorded in the accounting records. All other records and related information, including minutes of all Council and Committee meetings, have been made available to you.

### ***Uncorrected misstatements***

I confirm that I believe that the effects of the uncorrected financial statements misstatements listed in the attached schedule are not material to the financial statements, either individually or in aggregate. These misstatements have been discussed with those charged with governance within the Council and the reasons for not correcting these items are as follows;

- *The Council has been aware of a number of equal pay claims over the last few years and therefore set aside funds by means of an earmarked reserve to provide for such payments when and if they may materialise. The amount of such payments has not been determined and therefore a reliable estimate cannot be made. As such we have made reference to the claims via the contingent liabilities section within the statement of accounts and we have also set aside funds via an earmarked reserve.*

- *For non material transactions such as gas, electricity and telephone charges we ensure each financial year is charged with the relevant invoices, rather than apply strict accruals accounting. This is mainly due to the fact that invoices contain forward looking costs such as rental charges/standing charges and also historical transaction costs. Given the amounts are not material it is not felt appropriate to account for these costs by charging the various elements of the invoices to different financial years.*

### ***Irregularities***

I acknowledge my responsibility for the design and implementation of internal control systems to prevent and detect fraud or error.

There have been no:

- irregularities involving management or employees who have significant roles in the system of internal accounting control;
- irregularities involving other employees that could have a material effect on the financial statements; or
- communications from regulatory agencies concerning non-compliance with, or deficiencies on, financial reporting practices which could have a material effect on the financial statements.

I also confirm that I have disclosed:

- my knowledge of fraud, or suspected fraud, involving either management, employees who have significant roles in internal control or others where fraud could have a material effect on the financial statements; and
- my knowledge of any allegations of fraud, or suspected fraud, affecting the entity's financial statements communicated by employees, former employees, analysts, regulators or others.

### ***Law, regulations, contractual arrangements and codes of practice***

There are no instances of non-compliance with laws, regulations and codes of practice, likely to have a significant effect on the finances or operations of the Council.

The Council has complied with all aspects of contractual arrangements that could have a material effect on the financial statements 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 financial statements in the event of non-compliance.

### ***Fair Values***

I confirm the reasonableness of the significant assumptions within the financial statements including the appropriateness of the measurement method, the completeness and appropriateness under the financial reporting framework and where relevant, if subsequent events require adjustment to the fair value measurement.

### ***Assets***

The following have been properly recorded and, where appropriate, adequately disclosed in the financial statements:

- losses arising from sale & purchase commitments;

- agreements & options to buy back assets previously sold; and
- assets pledged as collateral.

### ***Compensating arrangements***

There are no formal or informal compensating balancing arrangements with any of our cash and investment accounts.

### ***Contingent liabilities***

There are no other contingent liabilities, other than those that have been properly recorded and disclosed in the financial statements. In particular:

- there is no significant pending or threatened litigation, other than those already disclosed in the financial statements;
- there are no material commitments or contractual issues, other than those already disclosed in the financial statements; and
- no financial guarantees have been given to third parties.

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

I confirm the completeness of the information disclosed regarding the identification of related parties.

The identity of, and balances and transactions with, related parties have been properly recorded and where appropriate, adequately disclosed in the financial statements

### ***Post balance sheet events***

Since the date of approval of the financial statements by the Accounts and Audit Committee, no additional significant post balance sheet events that have occurred which would require additional adjustment or disclosure in the financial statements.

The Council has no plans or intentions that may materially alter the carrying value or classification of assets and liabilities reflected in the financial statements.

Signed on behalf of Ribble Valley Borough Council

I confirm that the this letter has been discussed and agreed by the Accounts and Audit Committee on 16 September 2009

Signed

Name Jane Pearson

Position Director of Resources

Date 16 September 2009

## *Schedule of unadjusted misstatements.*

1. The Council has received a number of claims in respect of back pay. At this time the negotiation in relation to these claims is ongoing. The SoRP requires a provision to be made in relation to these amounts. The Council has disclosed the amount as a contingent liability of £50,000 rather than a provision. There is an earmarked reserve in place in relation to the liability. The amount involved is not material.

2. The Council does not apply accruals accounting where charges from one year to the next are not material. The SoRP requires financial statements to be prepared on an accruals basis. Departures are only expected from the accruals concept where a transaction is not yet capable of reliable measurement. Officers have chosen not to amend the accounts as the amount involved is not material.