

RIBBLE VALLEY BOROUGH COUNCIL

REPORT TO ACCOUNTS AND AUDIT COMMITTEE

Agenda Item No 7

meeting date: 24 AUGUST 2011
title: LETTER OF REPRESENTATION
submitted by: DIRECTOR OF RESOURCES
principal author: JANE PEARSON

1 PURPOSE

- 1.1 To approve the Letter of Representation for 2010/11 on behalf of the Council

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 own responsibilities and those of the Council in producing the annual accounts for the authority. The Audit Commission require you to approve the Letter of Representation before they can issue their opinion and conclusion on our accounts for 2010/11.

3 2010/11 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:
- Accounting treatment of Accumulated Absences
 - Inclusion within Debtors of Housing Benefit overpayments recovered from ongoing Housing Benefit payments

Further details of both, and the reasons we have not adjusted our accounts for them, are shown in the Letter of Representation, attached at Annex 1.

4 RECOMMENDED THAT COMMITTEE

- 4.1 Approve the Letter of Representation to the Audit Commission for 2010/11.

DIRECTOR OF RESOURCES

AA19-11/JP/AC
12 AUGUST 2011



RIBBLE VALLEY BOROUGH COUNCIL

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Audit Commission
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Ribble Valley Borough Council - Audit for the year 2010-11 ended 31 March 2011

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 2010-11 ended 31 March 2011.

Compliance with the statutory authorities

I have fulfilled 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 and International Financial Reporting Standard, which give a true and fair view of the financial position and financial performance of the Council, for the completeness of the information provided to you, and for making accurate representations to you.

Uncorrected misstatements

I confirm that I believe that the effects of the uncorrected financial statements misstatements listed below 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;

- For the 2010/11 accounts the Council has, under new IFRS requirements, calculated the value of Accumulated Absences. Our interpretation of the Code of Practice for Local Authority Accounting was that this value should be disclosed as a provision with a corresponding Unusable Reserve. However later clarification provided by CIPFA has shown that the correct accounting treatment should be to disclose this amount as a Short Term Creditor instead of a Provision. This represents a slight change in accounting treatment and does not affect the net worth of the Council. We will adopt the correct accounting presentation for 2011/12.
- The amount of housing benefit overpayments recovered from ongoing housing benefit payments has not been included within debtors on the balance sheet. However the overpayments recovered from individuals no longer in receipt of housing benefit are included within the debtors amount. Such an amendment would only slightly change the net worth of the Council and taking into account materiality we will not be adjusting the Statement of Accounts to correct this misstatement. However we will ensure that this accounting treatment is adopted from 2011/12.

Supporting records

All relevant information and access to persons within the Council has 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 financial statements. All other records and related information, including minutes of all Council and committee meetings, have been made available to you.

Irregularities

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

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;
- 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; and
- the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.

Law, regulations, contractual arrangements and codes of practice

I have disclosed to you all known instances of non-compliance, or suspected non-compliance with laws, regulations and codes of practice, whose effects should be considered when preparing financial statements.

Transactions and events have been carried out in accordance with law, regulation or other authority. 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.

All known actual or possible litigation and claims, whose effects should be considered when preparing the financial statements, have been disclosed to the auditor and accounted for and disclosed in accordance with the applicable reporting framework.

Accounting estimates including fair values

I confirm the reasonableness of the significant assumptions used in making the accounting estimates, including those measured at fair value.

I confirm for material estimates:

- the appropriateness of the measurement method, including related assumptions and models, and the consistency in application of the process;
- the assumptions appropriately reflect management's intent and ability to carry out specific courses of action on behalf of the entity, where relevant to the accounting estimates and disclosures;
- the completeness and appropriateness under the financial reporting framework; and
- if subsequent events require adjustment to accounting estimates this is disclosed within the financial statements.

Related party transactions

I confirm that I have disclosed the identity of Ribble Valley Borough Council's related parties and all the related party relationships and transactions of which I am aware. I have appropriately accounted for and disclosed such relationships and transactions in accordance with the requirement of the framework.

Subsequent events

All events subsequent to the date of the financial statements, which would require additional adjustment or disclosure in the financial statements, have been adjusted or disclosed.

Signed on behalf of Ribble Valley Borough Council

I confirm that this letter has been discussed and agreed by the Accounts and Audit Committee on 24 August 2011.

Signed

Name Jane Pearson

Position Director of Resources

Date
