

Our ref: CN/BL

Your ref:

This matter is being dealt with by:

Ms C Nicholson – Head of Financial Services

Direct line: 01900 702503

Email: catherine.nicholson@allerdale.gov.uk

Mr John Farrar
Grant Thornton UK LLP
4 Hardman Square
Spinningfields
Manchester
M3 3EB

30 July 2019

Dear Sirs,

Allerdale Borough Council – Group Financial Statements for the year ended 31 March 2019

This representation letter is provided in connection with the audit of the financial statements of Allerdale Borough Council and its group undertakings as shown in Appendix 1 to this letter, for the year ended 31 March 2019 for the purpose of expressing an opinion as to whether the group and parent Council financial statements give a true and fair view in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2018/19 and applicable law.

We confirm that to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves:

Group Financial Statements

- i. We have fulfilled our responsibilities for the preparation of the group and parent Council financial statements in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2018/19 ("the Code"); in particular the group and parent Council financial statements give a true and fair view in accordance therewith.
- ii. We have complied with the requirements of all statutory directions affecting the group and parent Council and these matters have been appropriately reflected and disclosed in the group financial statements.



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- iii. The Council has complied with all aspects of contractual agreements that could have a material effect on the group and parent Council 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 group and parent Council financial statements in the event of non-compliance.
- iv. We acknowledge our responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud.
- v. Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable.
- vi. We are satisfied that the material judgements used in the preparation of the group and parent Council financial statements are soundly based, in accordance with the Code, and adequately disclosed in the financial statements. There are no other material judgements that need to be disclosed.
- vii. Except as disclosed in the financial statements:
 - a. there are no unrecorded liabilities, actual or contingent
 - b. none of the assets of the group or parent 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.
- viii. We confirm that we are satisfied that the actuarial assumptions underlying the valuation of pension scheme liabilities for IAS19 Employee Benefit 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 post employment benefits have been identified and properly accounted for.
- ix. Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of the Code.
- x. All events subsequent to the date of the group and parent Council financial statements and for which the Code requires adjustment or disclosure have been adjusted or disclosed.
- xi. Actual or possible litigation and claims have been accounted for and disclosed in accordance with the requirements of the Code.
- xii. We have no plans or intentions that may materially alter the carrying value or classification of assets and liabilities reflected in the group and parent Council financial statements.
- xiii. The Council has satisfactory title or control over all assets disclosed in the financial statements.
- xiv. We believe that the Group and Council financial statements should be prepared on a going concern basis and that no further disclosures relating to

the Group or Council's ability to continue as a going concern need to be made in the financial statements on the grounds that:

- a. local authorities can only be discontinued under statutory prescription
 - b. there are no known intentions on the part of government to discontinue the services provided by the Council
 - c. current and future sources of funding or support will be more than adequate to meet the requirements of the Council's subsidiary undertakings.
- xv. Adequate arrangements are in place to enable the Council to obtain repayment of loan notes held in Allerdale Investment Partnership LLP out of the receipts of the partnership in accordance with the Members Agreement and loan instrument. No significant restrictions exist on the ability of the Council's joint venture to transfer funds to the Council to repay loans or advances made by the Council.
- xvi. We have considered the adjusted misstatements and misclassification and disclosure changes schedules included in your Audit Findings Report. The group and parent Council financial statements have been amended for these misstatements, misclassifications and disclosure changes and are free of material misstatements, including omissions.
- xvii. We have considered the unadjusted misstatements schedule included in your Audit Findings Report and summarised in Appendix 2 attached to this letter. We have not adjusted the group and parent Council financial statements for these misstatements brought to our attention as they are immaterial to the results of the group and parent Council and its financial position at the year-end.

Information Provided

- xviii. We have provided you with:
- a. access to all information of which we are aware that is relevant to the preparation of the group and parent Council financial statements such as records, documentation and other matters;
 - b. additional information that you have requested from us for the purpose of your audit; and
 - c. unrestricted access to persons within the group and parent Council from whom you determined it necessary to obtain audit evidence.
- xix. We have communicated to you all deficiencies in internal control of which management is aware.
- xx. All transactions have been recorded in the accounting records and are reflected in the group and parent Council financial statements.
- xxi. 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.
- xxii. We have disclosed to you all information in relation to fraud or suspected fraud affecting the group and parent Council involving:
- a. management;

- b. employees who have significant roles in internal control; or
- c. others where the fraud could have a material effect on the financial statements.

- xxiii. We have disclosed to you all information in relation to allegations of fraud, or suspected fraud, affecting the group and parent Council's financial statements communicated by employees, former employees, regulators or others.
- xxiv. We have disclosed to you all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing group and parent Council financial statements.
- xxv. We have disclosed to you the identity of all the group and parent Council's related parties and all the related party relationships and transactions of which we are aware.
- xxvi. We have disclosed to you all known actual or possible litigation and claims whose effects should be considered when preparing the group and parent Council financial statements.

Annual Governance Statement

- xxvii. We are satisfied that the Annual Governance Statement (AGS) fairly reflects the Council's risk assurance and governance framework and we confirm that we are not aware of any significant risks that are not disclosed within the AGS.

Narrative Report

- xxviii. The disclosures within the Narrative Report fairly reflect our understanding of the group and parent Council's financial and operating performance over the period covered by the group and parent Council financial statements.

Approval

- xxix. The approval of this letter of representation was minuted by the Council's Audit Committee at its meeting on 30 July 2019.

Signed on behalf of the Council

Catherine Nicholson
Head of Financial Services

30 July 2019

List of group undertakings

Keswick Museum and Art Gallery Trust

Helena Thompson Museum Trust

Allerdale Investment Partnership LLP

Appendix 2

Uncorrected misstatements

| Detail | Impact of correcting the misstatement on: | |
|--|---|----------------------------------|
| | Comprehensive Income and Expenditure Statement £ | Balance Sheet £ |
| Understatement of net defined benefit pension obligation | £139,000 (additional expenditure) | £139,000 (increase liability) |