



**Brighton & Hove  
City Council**

**Finance & Resources Directorate**

Brighton & Hove City Council  
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Date: 17 September 2019  
Our Ref: GT BHCC 2018/19  
Contact: Nigel Manvell  
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Dear Sirs,

**Brighton & Hove City Council Financial Statements for the year ended 31 March 2019**

This revised representation letter is provided in connection with the audit of the financial statements of Brighton & Hove City Council for the year ended 31 March 2019 for the purpose of expressing an opinion as to whether the Council's financial statements are presented fairly, in all material respects, in accordance with International Financial Reporting Standards and 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:

**Financial Statements**

- i. We have fulfilled our responsibilities for the preparation of the Council's financial statements in accordance with International Financial Reporting Standards and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2018/19 ("the Code"); in particular the financial statements are fairly presented in accordance therewith.
- ii. We have complied with the requirements of all statutory directions affecting the Council and these matters have been appropriately reflected and disclosed in the financial statements.
- iii. 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. There has been no non-compliance with requirements of any regulatory authorities that could have a material effect on the 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.

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- v. Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable. We are satisfied that the material judgements used in the preparation of the 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.
- vi. Except as disclosed in the financial statements:
  - a. there are no unrecorded liabilities, actual or contingent;
  - b. none of the assets of the council have been assigned, pledged or mortgaged; and
  - c. there are no material prior year charges or credits, nor exceptional or non-recurring items requiring separate disclosure.
- vii. We confirm that in response to outstanding audit queries we sought updated information from the actuary and we are satisfied that the revised actuarial assumptions underlying the valuation of pension scheme assets and liabilities for IAS19 Employee Benefits 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.
- viii. We confirm that we are satisfied that accounting entries and disclosures in the financial statements related to private finance initiative (PFI) scheme contracts are consistent with the appropriate PFI models.
- ix. Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of International Financial Reporting Standards and the Code.
- x. All events subsequent to the date of the financial statements and for which International Financial Reporting Standards and the Code require adjustment or disclosure have been adjusted or disclosed.
- xi. We have considered the adjusted misstatements, and misclassification and disclosures changes schedules included in your Audit Findings Report. The Council's financial statements have been amended for these misstatements, misclassifications and disclosure changes and are free of material misstatements, including omissions.
- xii. We have considered the unadjusted misstatements schedule included in your Audit Findings Report and attached as Appendix A to this letter. We have not adjusted the financial statements for these misstatements brought to our attention as they are immaterial to the results of the Council and its financial position at the year end.  
The financial statements are free of material misstatements, including omissions.
- xiii. Actual or possible litigation and claims have been accounted for and disclosed in accordance with the requirements of International Financial Reporting Standards.
- xiv. We have no plans or intentions that may materially alter the carrying value or classification of assets and liabilities reflected in the financial statements.
- xv. We believe that the Council's financial statements 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 financial statements.

### **Information Provided**

- xvi. We have provided you with:
  - a. access to all information of which we are aware that is relevant to the preparation of the Council's 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 Council from whom you determined it necessary to obtain audit evidence.
- xvii. We have communicated to you all deficiencies in internal control of which management are aware.
- xviii. All transactions have been recorded in the accounting records and are reflected in the financial statements.
- xix. 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.
- xx. We have disclosed to you all information in relation to fraud or suspected fraud that we are aware of and that affects the Council and involves:
  - 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.
- xxi. We have disclosed to you all information in relation to allegations of fraud, or suspected fraud, affecting the financial statements communicated by employees, former employees, analysts, regulators or others.
- xxii. 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 financial statements.
- xxiii. We have disclosed to you the identity of the Council's related parties and all the related party relationships and transactions of which we are aware.
- xxiv. We have disclosed to you all known actual or possible litigation and claims whose effects should be considered when preparing the financial statements.

### **Annual Governance Statement**

- xxv. 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**

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

**Approval**

The approval of this letter of representation was minuted by the council's Audit & Standards Committee at its meeting on 17 September 2019.

Yours faithfully,

Name.....

Position.....

Date.....

Name.....

Position.....

Date.....

**Signed on behalf of the Governing Body**

## Appendix A

### Schedule of unadjusted misstatements

The table below provides details of an adjustment identified during the 2018/19 audit which has not been made within the final set of financial statements. The Audit & Standards Committee is required to approve management's proposed treatment of the item recorded in the table below:

| <b>Detail</b>   | <b>Comprehensive<br/>Income and<br/>Expenditure<br/>Statement<br/>£'000</b> | <b>Statement<br/>of<br/>Financial<br/>Position £'<br/>000</b> | <b>Impact on<br/>total net<br/>expenditure<br/>£'000</b> | <b>Reason for not<br/>adjusting</b> |
|---|---|---|--|-------------------------------------|
| <b>1 HRA Income</b><br><br>During our testing of income cut off we identified that recharges of repairs/maintenance/improvements to HRA properties recharged to leaseholders were not being correctly matched with the expenditure. This led to revenues being understated. | (3,171)   | 3,171   | (3,171)  | The difference is not material      |
| <b>Overall impact</b>   | <b>£2,141</b>   | <b>£(2,141)</b>   | <b>£2,141</b>  |                                     |

