



Brighton & Hove City Council

Finance & Resources Directorate

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Date: 27 October 2020
Our Ref: GT BHCC 2019/20
Contact: Nigel Manvell
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Dear Sirs,

Brighton & Hove City Council Financial Statements for the year ended 31 March 2020

This representation letter is provided in connection with the audit of the financial statements of Brighton & Hove City Council for the year ended 31 March 2020 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 2019/20 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 2019/20 ("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.
- v. Significant assumptions used by us in making accounting estimates, including those measured at fair value, we consider to be 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.

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- 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 we are satisfied that the actuarial assumptions underlying the valuation of pension scheme assets and liabilities for IAS19 Employee Benefits disclosures are consistent with our knowledge. While we accept that these fluctuate with market conditions and other economic factors, we are satisfied that the assumptions are reasonable within the context of the long term nature of the pension scheme. 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 repositioning of specific statements and the disclosures changes included in your Audit Findings Report. The council's financial statements have been amended for these 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 and disclosure changes brought to our attention as they are immaterial to the financial 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 adequate for the council's needs, even in the light of the current pandemic. 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 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 27 October 2020.

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 adjustments identified during the 2019/20 audit which have not been made within the final set of financial statements. The Audit & Standards Committee is required to approve management's proposed treatment of all items recorded within the table below:

Detail	Comprehensive Income and Expenditure Statement £'000	Statement of Financial Position £'000	Impact on total net expenditure £'000	Reason for not adjusting
HRA Deferred Income An amount was found in our testing of debtors which should have been recorded as a creditor given the nature of the balance.	Nil	DR Debtors 1,766 CR Creditors 1,766	Nil	The difference is not material
Property, Plant & Equipment (PPE) valuation input into the Fixed Asset Register (FAR) The audit identified four input errors in the FAR which led to an understatement of the valuation of PPE in the accounts by £3,307k.	CR Valuation gains/losses (1,207)	DR Land and buildings PPE 3,307 DR Movement in Reserves 1,207 CR Capital adjustment account 1,207 CR Revaluation Reserve 2,098	(1,207)	The difference is not material
Other Revenues The audit identified items from sample testing of revenues which should be re-classified as expenditure. These errors were extrapolated to estimate the overall potential impact of the errors and demonstrate this would not be material, so this has been recorded as an extrapolated unadjusted misstatement.	DR Other service expenditure £933k CR Other Revenues £933k	Nil	Nil	The difference is not material
Overall impact	(1,207)	1,207	(1,207)	

