

Helen Thompson
District Auditor
The Audit Commission
The Agora,
Ellen Street
Hove BN3 3LN

Brighton & Hove City Council - Audit for the year ended 31st March 2008

I confirm to the best of my knowledge and belief, having made appropriate enquiries of other members and officers of Brighton & Hove City Council, the following representations given to you in connection with your audit of the Council's financial statements for the year ended 31st March 2008.

I acknowledge my responsibility under the relevant statutory authorities for preparing the financial statements which present fairly and for making accurate representations to you.

I confirm that I believe that the effects of the uncorrected financial statements misstatements listed in the Appendix 3 - Table 6 to the Annual Governance Report 2007/08 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 main reason for not correcting the misstatements as listed in Appendix 3 table 6 is that

- the council's bank reconciliation system does not allow us to correct this in the old financial year i.e. as stated in Table 6 the error could not be corrected as closedown arrangements for 2007/8 prevent any further transactions being processed to that year. In any event such a correction is considered to be immaterial so far as improving the understanding of the reader of the accounts is concerned. The correction has been made in the new financial year.
- Fixed Assets – Work will continue to reconcile the property terrier and fixed asset register. Any valuation errors identified will be corrected and included in the current financial year. Your Annual Governance Report states the valuation errors are a significant amount however you are satisfied the fixed asset balance is not materially misstated. I am also satisfied that the fixed asset balance is not materially misstated in the context of £1.8 Billion of fixed assets.

I also confirm that the value of the land on which the Brighton Centre stands is correctly recorded at £10m in the financial statements. The circumstances surrounding the Brighton Centre valuation are somewhat complex and unusual and in particular are influenced by the assessment of potential uses of the site. The Council readily accept the "bricks and mortar " part of the Depreciated Replacement Cost ["DRC"] Valuation carried out by the Consultant Valuer, but believe that in the adopted approach a rather conservative estimate of the amount of residential development which could

be achieved on the site, when reaching his land valuation of £3.5m. Although the intention is to replace the existing centre with another conference centre, which would also be valued on a DRC basis, in looking at the land element it is logical to assume residential development. Even now, in September 2008, it is not clear what mix of development is likely to be accommodated on site.

In the light of the emerging proposals for the Brighton Centre it is considered reasonable to allow for more residential development than the external valuer did in late 2007. I should stress that the Council is not aware of any other instances where it has disagreed with consultants' valuations.

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.

Specific representations:

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 members meetings, have been made available to you.

Related party transactions

I confirm the completeness of the information provided 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

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.

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.

In all material respects, the expenditure and income disclosed in the financial statements has been applied to purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

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.

Assets

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

- losses arising from sale and purchase commitments; and
- agreements and options to buy back assets previously sold; and assets pledged as collateral.

Irregularities

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

Post balance sheet events

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

We have no plans to abandon lines of product or other plans or intentions that will result in any excess or obsolete stock and no stock is stated at an amount in excess of net realisable value.

Compensating arrangements

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

Signed on behalf of Brighton & Hove City Council

Name

Name

DRAFT

Section 151 officer
Committee

Date

Appendix to item 28

Chair of Audit

Date