

AGENDA MANAGEMENT SHEET

<i>Name of Meeting</i>	Audit and Ethics Committee
<i>Date of Meeting</i>	13 September 2016
<i>Report Title</i>	Management Letter of Representation
<i>Ward Relevance</i>	Not ward specific
<i>Prior Consultation</i>	N/A
<i>Contact Officer</i>	Mannie Ketley, Head of Corporate Resources and Chief Financial Officer, Tel: 01788 533416
<i>Report Subject to Call-in</i>	No
<i>Statutory/Policy Background</i>	Under the International Standard on Auditing (UK and Ireland), (ISA 580) CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2015/16
<i>Summary</i>	The purpose of this report is to present the Management Letter of Representation for consideration by Audit and Ethics Committee.
<i>Financial Implications</i>	There are no financial implications arising from this report.
<i>Risk Management Implications</i>	There are no risk management implications arising from this report.
<i>Environmental Implications</i>	There are no environmental implications arising from this report.
<i>Equality and Diversity Implications</i>	There are no equality and diversity implications arising from this report.
<i>Legal Implications</i>	There is a legal requirement for full Council to approve the Statement of Accounts each year.
<i>Recommendation</i>	The Management Letter of Representation for 2015/16 be considered.
<i>Reasons for Recommendation</i>	Regulations require the Statement of Accounts to be considered and approved.

Audit and Ethics Committee – 13 September 2016

Management Letter of Representation

Report of the Head of Corporate Resources and Chief Financial Officer

Recommendation

The Management Letter of Representation for 2015/16 be considered.

1. BACKGROUND

- 1.1. The Management Letter of Representation is a formal letter written by the external auditors, Grant Thornton LLP, which is signed by the Council's senior management. The letter attests to the accuracy of the financial statements that the Council has submitted to the auditors for their analysis.
- 1.2. The Management Letter of Representation enables the Council to declare in writing that the statement of accounts and other presentations to the auditor are sufficient and appropriate and without omission of material facts to the best of the management's knowledge. The auditors use this letter as part of their audit evidence.
- 1.3. Auditors typically do not allow management to make any changes to the content of this letter before signing it, since this would effectively reduce the liability of management.
- 1.4. An auditor typically will not issue an opinion on a local authority's financial statements without first receiving a signed Management Letter of Representation.

2. MANAGEMENT LETTER OF REPRESENTATION

- 2.1. The Management Letter of Representation is appended.

Name of Meeting: Audit and Ethics Committee
Date of Meeting: 13 September 2016
Subject Matter: Management Letter of Representation
Originating Department: Corporate Resources

LIST OF BACKGROUND PAPERS

Document No.	Date	Description of Document	Officer's Reference	File Reference
1.		Statement of Accounts 2015/16		

Grant Thornton UK LLP
The Colmore Building
20 Colmore Circus
Birmingham
West Midlands
B4 6AT

20 September 2016

Dear Sirs

Rugby Borough Council
Financial Statements for the year ended 31 March 2016

This representation letter is provided in connection with the audit of the financial statements of Rugby Borough Council for the year ended 31 March 2016 for the purpose of expressing an opinion as to whether the financial statements give a true and fair view in accordance with International Financial Reporting Standards and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2015/16 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 financial statements in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2015/16 ("the Code"); which give a true and fair view 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 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, are reasonable.
- vi 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.
- vii Except as disclosed in the financial statements:
 - a there are no unrecorded liabilities, actual or contingent
 - b none of the assets of the 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.

Chartered Accountants

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- viii 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. 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 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 considered the adjusted misstatements, and misclassification and disclosures changes schedules included in your Audit Findings Report. The financial statements have been amended for these misstatements, misclassifications and disclosure changes and are free of material misstatements, including omissions.
- xiii The financial statements are free of material misstatements, including omissions.
- 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 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 is 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 our knowledge of fraud or suspected fraud affecting the 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.
- xxi We have disclosed to you all our knowledge of any allegations of fraud, or suspected fraud, affecting the Council's financial statements communicated by employees, former employees, 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 all 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 Statement

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

Approval

The approval of this letter of representation was minuted by the Audit and Ethics Committee at its meeting on 13 September 2016. It was discussed and agreed by the Authority at the meeting of Full Council on 20 September 2016.

Yours faithfully

Name.....Adam Norburn.....

Position...Executive Director.....

Date.....20 September 2016.....

Name.....Mannie Ketley.....

Position...Head of Corporate Resources and Chief Financial Officer...

Date.....20 September 2016.....

Signed on behalf of the Council