

Date: 24<sup>th</sup> October 2019  
Direct phone: 01395 517490  
Direct email: sdavey@eastdevon.gov.uk  
Our ref: SD



Grant Thornton UK LLP  
2 Glass Wharf  
Bristol  
BS2 0EL

Dear Sirs

**East Devon District Council  
Financial Statements for the year ended 31 March 2019**

This representation letter is provided in connection with the audit of the financial statements of East Devon District Council for the year ended 31 March 2019 for the purpose of expressing an opinion as to whether the Council 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-

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[eastdevon.gov.uk/app](http://eastdevon.gov.uk/app)

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, 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 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.
- 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. 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. 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.
- ix. 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.
- x. We have considered the adjusted misstatements, and misclassification and disclosures changes schedules included in your Audit Findings Report. The Council financial statements have been amended for these misstatements, misclassifications and disclosure changes and are free of material misstatements, including omissions.
- xi. We have considered the unadjusted misstatements schedule included in your Audit Findings Report and attached. 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.
- xii. Actual or possible litigation and claims have been accounted for and disclosed in accordance with the requirements of International Financial Reporting Standards.
- xiii. We have no plans or intentions that may materially alter the carrying value or classification of assets and liabilities reflected in the financial statements.
- xiv. 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**

- xv We have provided you with:
  - a. access to all information of which we are aware that is relevant to the preparation of the 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 Council from whom you determined it necessary to obtain audit evidence.
- xvi We have communicated to you all deficiencies in internal control of which management is aware.
- xvii All transactions have been recorded in the accounting records and are reflected in the financial statements.
- xviii 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.
- xix 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.
- xx 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.
- xxi 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.
- xxii 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.
- xxiii 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**

- xxiv 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**

- xxv 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 financial statements.

## **Approval**

The approval of this letter of representation was minuted by the Council's Audit and Governance Committee at its meeting on 24 October 2019

Yours faithfully

Signed:

Name Sam Hawkins  
Position Chair of the Audit & Governance Committee  
Date 24<sup>th</sup> October 2019

Signed:

Name Simon Davey  
Position Strategic Lead Finance (CFO/S151)  
Date 24<sup>th</sup> October 2019

**Signed on behalf of the Governing Body**

## **Additional written representations from management or those charged with governance**

The general letter of representation includes all written representations that are required to be made by management or those charged with governance for every audit.

In addition to the required representations, other ISAs (UK) require the auditor to request written representations when certain factors or situations are triggered. These ISAs and the representations are included in section 1 below.

The auditor may also determine it is necessary to obtain one or more written representations to support other audit evidence relevant to the financial statements or one or more specific assertions in the financial statements. Section 2 includes some examples of such representations.

### **1 Representations required by other ISAs where applicable**

#### **ISA 540.22 Auditing accounting estimates**

The auditor should request specific representations from management and, where appropriate, those charged with governance about whether significant assumptions used in making accounting estimates are reasonable.

#### **ISA 570.16(e) Going concern**

Where events or conditions have been identified that may cast significant doubt on the entity's ability to continue as a going concern (irrespective of whether a material uncertainty exists) the auditor should request specific representations from management and, where appropriate, those charged with governance regarding their plans for future actions and the feasibility of these plans.

#### **ISA 570.A20 Going concern**

There may be situations where it is appropriate to obtain specific representations beyond those required by ISA 570.16(e) in support of audit evidence obtained regarding management's plans for future actions in relation to its going concern assessment and the feasibility of those plans.

#### **ISA 710.9 Comparative information**

The auditor should request specific representations from management about any restatement made to correct a material misstatement in prior period financial statements that affect the comparative information.

### **2 Other representations**

#### **ISA 580.A10 Written representations [Financial Statements]**

Where relevant the auditor may want to request other representations about the following:

- whether the selection and application of accounting policies are appropriate;

- whether matters such as the following have been recognised, measured, presented or disclosed in accordance with the applicable financial reporting framework:
  - Plans or intentions that may affect the carrying value or classification of assets and liabilities;
  - Liabilities, both actual and contingent;
  - Title to, or control over, assets, the liens or encumbrances on assets, and assets pledged as collateral;
  - Aspects of laws, regulations and contractual agreements that may affect the financial statements, including non-compliance.

### **Examples of representations:**

Under Financial Statements:

Except as stated in the financial statements:

- a. there are no unrecorded liabilities, actual or contingent
- b. none of the assets of the company 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.

There were no transactions, arrangements or agreements to provide credit facilities, (including loans, quasi-loans or credit transactions and guarantees to involving directors or officers that should be disclosed in the financial statements under section 412 and 413 of the Companies Act 2006 except as disclosed.

The company 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.

We have no plans or intentions that may materially alter the carrying value or classification of assets and liabilities reflected 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 inventory, and no inventory is stated at an amount in excess of net realisable value.

We have signed sales and service franchise agreements with the manufacturer under the new Block Exemptions regulations. We are not serving the termination period for any current franchised held, nor have we been notified of any impending franchise termination notice from any manufacturer. We anticipate meeting all standards and special arrangements required by the manufacturer.

### **ISA 580.A11 Written representations [Information Provided to the Auditor]**

In addition to the standard written representations required by ISA 580.11 for all audits, the auditor may consider it necessary to request that management provide the following representation:

Under Information Provided:

We have communicated to you all deficiencies in internal control of which we are aware.

### **ISA 580.A12-A13 Written representations [Specific Assertions]**

The auditor may consider it necessary to request that management provide written representations in other areas of the financial statements such as:

- directors' valuations of assets and liabilities, and profit or losses foreseen on long term contract work in progress
- likely outcomes of litigation or uncertain situations
- representations concerning transactions which involve the application of specific areas of PAYE/NL, VAT or other corporate taxes e.g. casual labour
- any further areas of completeness or judgement
- any other areas where representations are necessary to provide adequate audit evidence.