

Meeting Date: 10 November 2022  
Portfolio: Finance, Governance and Resources  
Key Decision: Not applicable  
Within Policy and Budget Framework: Yes  
Public / Private: Public

Title: LETTER OF REPRESENTATION 2021/22  
Report of: CORPORATE DIRECTOR OF FINANCE AND RESOURCES  
Report Number: RD40/22

## **Purpose / Summary:**

The Audit of the Statement of Accounts for 2021/22 is now completed with the Auditors Audit Findings Report (ISA260) being considered elsewhere on the agenda. Following approval of that report, the Auditors will issue their formal opinion on the accounts and the audit process for the Statement of Accounts 2021/22 will be complete.

However, in accordance with Auditing Standards, a Letter of Representation must also be considered and approved by the Audit Committee before the audit opinion is provided. The Letter of Representation is attached and once approved by the Committee, it will be signed by the Corporate Director of Finance and Resources on behalf of the Council.

## **Recommendations:**

The Committee is asked to approve the Letter of Representation for 2021/22.



# Finance and Resources Directorate

## Financial Services

Corporate Director of Finance and Resources: Alison Taylor CPFA  
Civic Centre, Carlisle, CA3 8QG • Telephone (01228) 817000 • Fax (01228) 817278  
Typetalk 18001 01228 817000 • [www.carlisle.gov.uk](http://www.carlisle.gov.uk)

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Grant Thornton UK LLP  
Mr Gareth Kelly  
Engagement Lead  
110 Queen Street  
Glasgow  
G1 3BX

**Please ask for:** Steven Tickner  
**Direct Line:** 01228 817280  
**E-mail:** [Steven.tickner@carlisle.gov.uk](mailto:Steven.tickner@carlisle.gov.uk)  
**Your ref:**  
**Our ref:** AT

10 November 2022

Dear Mr Kelly

### Financial Statements for the year ended 31 March 2022

This representation letter is provided in connection with the audit of the financial statements of Carlisle City Council for the year ended 31 March 2022 for the purpose of expressing an opinion as to whether the 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 2020/21 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 2021/22 ("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, are reasonable. Such accounting estimates include land, buildings, investment properties, depreciation and net pension liability. 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. We understand our responsibilities includes identifying and considering alternative, methods, assumptions or source data that would be equally valid under the financial reporting framework, and why these alternatives were rejected in favour of the estimate used. We are satisfied that the methods, the data and the significant assumptions used by us in making accounting estimates and their related disclosures are appropriate to achieve recognition, measurement or disclosure that is reasonable in accordance with the Code and adequately disclosed in the financial statements.
- vi. 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.
- 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.
- 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's 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. We have no plans or intentions that may materially alter the carrying value or classification of assets and liabilities reflected in the financial statements.
- 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 have updated our going concern assessment. We continue to believe that the Council's financial statements should be prepared on a going concern basis and have not identified any material uncertainties related to going concern on the grounds that:
  - a. the nature of the Council means that, notwithstanding any intention to cease its operations in their current form, it will continue to be appropriate to adopt the going concern basis of accounting because, in such an event, services it performs can be expected to continue to be delivered by related public authorities and preparing the financial statements on a going concern basis will still provide a faithful representation of the items in the financial statements
  - b. the financial reporting framework permits the entry to prepare its financial statements on the basis of the presumption set out under a) above; and
  - c. the Council's system of internal control has not identified any events or conditions relevant to going concern.
- xv. 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.

- xvi. The Council has complied with all aspects of ring-fenced grants that could have a material effect on the Council's financial statements in the event of non-compliance.
- xvii. The Council's draft asset register included property plant and equipment assets with a nil net book value and are fully depreciated in the asset register. We acknowledge that are two risks in relation to this issue:
  - a. If these assets are no longer operational, the gross cost and accumulated depreciation balance will be overstated;
  - b. If these assets are operational, there is a risk that the Council is not assigning appropriate asset lives to its property plant and equipment.

The impact of these risks is that the gross book value and accumulated depreciation/amortisation disclosed within Note 4.27 Property, plant and equipment is overstated. There is no impact on the primary financial statements, which comprise the Comprehensive Income and Expenditure Statement, Movement in Reserves, Balance Sheet, and the Cash Flow Statement.

### **Information Provided**

- xviii. 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. access to persons within the Council via remote arrangements from whom you determined it necessary to obtain audit evidence.
- xix. We have communicated to you all deficiencies in internal control of which management is aware.
- xx. All transactions have been recorded in the accounting records and are reflected in the financial statements.
- xxi. 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
- xxii. 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.

- xxiii. 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.
- xxiv. 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.
- xxv. 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.
- xxvi. 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**

- xxvii. 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**

- xxviii. 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 Committee at its meeting on 10 November 2022.

### **Signed on behalf of Carlisle City Council**

Alison Taylor

Corporate Director of Finance and Resources

Section 151 Officer

Steven Tickner

Head of Financial Services

Deputy S.151 Officer

10 November 2022