



**OPEN REPORT  
GOVERNANCE AND RESOURCES COMMITTEE**

---

**Governance & Resources Committee – 15 February 2024**

**LETTER OF REPRESENTATION 2022/23**

**Report of the Director of Resources**

**Report Author and Contact Details**

Karen Henriksen – Director of Resources  
01629 761284 or karen.henriksen@derbyshiredales.gov.uk

**Wards Affected**

District-wide

**Report Summary**

This report requests that Members consider and endorse the draft Letter of Representation as part of their responsibility for approving the financial statements for 2022/23.

**Recommendation**

That the Letter of Representation be endorsed for signature.

**List of Appendices**

Appendix 1 Letter of Representation 2022/23

**Background Papers**

None

**Consideration of report by Council or other committee**

No

**Council Approval Required**

No

**Exempt from Press or Public**

No

## **Letter of Representation 2022/23**

### **1. Background**

- 1.1 The International Standard on Auditing (U.K. & Ireland) 580 (ISA 580) requires the external auditor to obtain evidence that the Council's management acknowledges its responsibility for the fair presentation of the financial statements in accordance with the applicable financial reporting framework and has approved the financial statements. The auditor can obtain evidence of management's acknowledgement of such responsibility by obtaining a written representation from management and a signed copy of the financial statements.
- 1.2 ISA 580 gives guidance on matters which might be included in a management "Letter of Representation".
- 1.3 In addition, ISA 580 requires the external auditor to obtain evidence that those charged with governance acknowledge their collective responsibility for the preparation of, and have approved, the financial statements. Consideration of the Letter of Representation by the Council alongside the external auditor's Audit Completion Report, prior to the approval of the Statement of Accounts, contributes to that evidence.

### **2. Key Issues**

- 2.1 The Director of Resources' Letter of Representation has been prepared in accordance with that guidance and is given in Appendix 1. The letter contains no matters of concern which need to be brought to the attention of Members.
- 2.2 There is one uncorrected misstatement that has been identified by the external auditor. This is described in Appendix A to the letter, with the reason why it was not corrected.

### **3. Options Considered and Recommended Proposal**

- 3.1 To comply with the International Standard on Auditing 580, it is recommended that the Governance & Resources Committee consider and endorse the Letter of Representation for the financial year ended 31 March 2023.

### **4. Consultation**

- 4.1 In preparing the letter, the Director of Resources has consulted with the Financial Services Manager and members of the Council's Corporate Leadership Team; she has also received advice from the External Auditor regarding the content of the letter.

### **5. Timetable for Implementation**

- 5.1 If the Committee endorses the Letter of Representation, the Director of Resources will sign it as soon as practicable and send it to the external auditor.

## **6. Policy Implications**

- 6.1 The Letter of Representation is an important aspect of the Council's corporate governance arrangements. As such, it contributes towards the achievement of all the Council's aims, priorities and targets.

## **7. Financial and Resource Implications**

- 7.1 There are no financial risks arising from this report.

## **8. Legal Advice and Implications**

- 8.1 As stated, this report requests that Members consider and endorse the draft Letter of Representation as part of their responsibility for approving the financial statements for 2022/23. The legal risk associated with the recommendation has been assessed as low.

## **9. Equalities Implications**

- 9.1 There are no equalities implications arising from this report.

## **10. Climate Change Implications**

- 10.1 There are no climate change implications arising from this report.

## **11. Risk Management**

- 11.1 Should the Letter of Representation not be endorsed, signed or sent, there is a risk that the audit of the Council's accounts for 2022/23 could not be properly concluded, which would be a breach of the Accounts and Audit Regulations.

### **Report Authorisation**

Approvals obtained from:-

	<b>Named Officer</b>	<b>Date</b>
Chief Executive	Paul Wilson	05/02/2024
Director of Resources/ S.151 Officer	Karen Henriksen	07/02/2024
Director of Corporate & Customer Services /Monitoring Officer	Helen Mitchell	7/2/2024



Mr Alastair Newall  
Director  
Mazars LLP  
One St Peter's Square  
Manchester  
M2 3DE

Please ask for: Karen Henriksen  
Direct Dial No: 01629 761284  
Your Ref.  
My Ref. RES/KH  
E-mail: [karen.henriksen@derbyshiredales.gov.uk](mailto:karen.henriksen@derbyshiredales.gov.uk)

15 February 2024

Dear Alastair,

### **Derbyshire Dales District Council - Audit for the year ended 31 March 2023**

This representation letter is provided in connection with your audit of the financial statements of Derbyshire Dales District Council (the Council) for the year ended 31 March 2023 for the purpose of expressing an opinion as to whether the financial statements give a true and fair view in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 (the Code), as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets ("the Code Update"), published in November 2022 and applicable law.

I confirm that the following representations are made on the basis of enquiries of management and staff with relevant knowledge and experience (and, where appropriate, inspection of supporting documentation) sufficient to satisfy ourselves that I can properly make each of the following representations to you.

#### **My responsibility for the financial statements and accounting information**

I believe that I have fulfilled my responsibilities for the true and fair presentation and preparation of the financial statements in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 (the Code), as amended by the Code Update and applicable law.

#### **My responsibility to provide and disclose relevant information**

I have provided you with:

- 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 material;

- additional information that you have requested from us for the purpose of the audit; and
- unrestricted access to individuals within the Council you determined it was necessary to contact in order to obtain audit evidence.

I confirm as Director of Resources / S151 Officer that I have taken all the necessary steps to make me aware of any relevant audit information and to establish that you, as auditors, are aware of this information.

As far as I am aware there is no relevant audit information of which you, as auditors, are unaware.

### **Accounting records**

I confirm that all transactions that have a material effect on the financial statements have been recorded in the accounting records and are reflected in the financial statements. All other records and related information, including minutes of all Council and committee meetings, have been made available to you.

### **Accounting policies**

I confirm that I have reviewed the accounting policies applied during the year in accordance with the Code and International Accounting Standard 8 and consider these policies to faithfully represent the effects of transactions, other events or conditions on the Council's financial position, financial performance and cash flows.

### **Accounting estimates, including those measured at fair value**

I confirm that any significant assumptions used by the Council in making accounting estimates, including those measured at current or fair value, are reasonable.

I confirm that I am satisfied that the actuarial assumptions underlying the valuation of pension scheme liabilities for IAS19 disclosures are consistent with my knowledge. I confirm that all settlements and curtailments have been identified and properly accounted for. I confirm that all significant retirement benefits have been identified and properly accounted for (including any arrangements that are statutory, contractual or implicit in the employer's actions, that arise in the UK or overseas, that are funded or unfunded).

### **Group Accounts**

I confirm that I have reviewed the accounting transactions of the Council's partnerships and joint ventures and am satisfied that these do not need lead to the need for the Council to prepare group accounts.

### **Contingencies**

There are no material contingent losses including pending or potential litigation that should be accrued where:

- information presently available indicates that it is probable that an asset has been impaired or a liability had been incurred at the balance sheet date; and
- the amount of the loss can be reasonably estimated.

There are no material contingent losses that should be disclosed where, although either or both the conditions specified above are not met, there is a reasonable possibility that a loss, or a loss greater than that accrued, may have been incurred at the balance sheet date.

There are no contingent gains which should be disclosed.

All material matters, including unasserted claims, that may result in litigation against the Council have been brought to your attention. All known actual or possible litigation and claims whose effects should be considered when preparing the financial statements have been disclosed to you and accounted for and disclosed in accordance with the Code and applicable law.

### **Laws and regulations**

I confirm that I have disclosed to you all those events of which I am aware which involve known or suspected non-compliance with laws and regulations, together with the actual or contingent consequences which may arise therefrom.

The Council has complied with all aspects of contractual agreements that would have a material effect on the accounts in the event of non-compliance.

### **Fraud and error**

I acknowledge my responsibility as Director of Resources / S151 Officer for the design, implementation and maintenance of internal control to prevent and detect fraud and error.

I have disclosed to you:

- All the results of my assessment of the risk that the financial statements may be materially misstated as a result of fraud;
- All knowledge of fraud or suspected fraud affecting the Council involving:
  - management and those charged with governance;
  - employees who have significant roles in internal control; and
  - others where fraud could have a material effect on the financial statements.

I have disclosed to you all information in relation to any allegations of fraud, or suspected fraud, affecting the Council's financial statements communicated by employees, former employees, analysts, regulators or others.

### **Related party transactions**

I confirm that all related party relationships, transactions and balances, have been appropriately accounted for and disclosed to you in accordance with the requirements of the Code and applicable law.

I have disclosed the identity of the Council's related parties and all related party relationships and transactions of which I am aware.

### **Impairment review**

To the best of my knowledge, there is nothing to indicate that there is a permanent reduction in the recoverable amount of the property, plant and equipment and intangible assets below their carrying value at the balance sheet date. An impairment review is therefore not considered necessary.

### **Future commitments**

The Council has no plans, intentions or commitments that may materially affect the carrying value or classification of assets and liabilities or give rise to additional liabilities.

### **Charges on assets**

All the Council's assets are free from any charges exercisable by third parties except as disclosed within the financial statements.

### **Subsequent events**

I confirm all events subsequent to the date of the financial statements, and for which the Code and applicable law require adjustment or disclosure, have been adjusted or disclosed.

Should further material events occur after the date of this letter which may necessitate revision of the figures included in the financial statements or inclusion of a note thereto, I will advise you accordingly.

### **Impacts of Russian Forces entering Ukraine**

I confirm that I have carried out an assessment of the potential impact of Russian Forces entering Ukraine on the Council, including the impact of mitigation measures and uncertainties, and that the disclosure in the subsequent events note to the financial statements fairly reflects that assessment.

### **Covid-19**

I confirm that I have carried out an assessment of the on-going impact of the Covid-19 Virus pandemic on the Council, including the impact of mitigation measures and uncertainties, and that the disclosure in the Statement of Accounts fairly reflects that assessment.

### **Brexit**

I confirm that I have carried out an assessment of the potential impact of the United Kingdom leaving the European Union, including the potential outcomes at the end of the Implementation Period, and that the disclosure in the Statement of Accounts fairly reflects that assessment.

### **Banking crisis**

I confirm that I have assessed the impact on the Council of the on-going Global Banking challenges, in particular whether there is any impact on the Council's ability to continue as a going concern, and on the post balance sheet events disclosures. In this regard I confirm that our exposure (either direct cash exposure or direct / indirect through investments) with Silicon Valley Bank, Credit Suisse, Signature Bank or any other bank in a distress situation, is not material.

### **Going concern**

To the best of my knowledge there is nothing to indicate that the Council will not continue as a going concern in the foreseeable future. The period to which I have paid particular attention in assessing the appropriateness of the going concern basis is not less than twelve months from the date of approval of the accounts.

**Unadjusted misstatements**

I confirm that the effects of any uncorrected misstatements are set out at Appendix A and are immaterial, both individually and in aggregate, to the financial statements as a whole.

Yours sincerely,

**Karen Henriksen CPFA**

**Director of Resources (S151 Officer)**



## **Letter of Representation: Appendix A**

### **Statement of Accounts 2022/23: Unadjusted Misstatements**

The external auditor has identified one unadjusted misstatement.

This misstatement relates to figures shown in the financial statements for income in 2022/23. The external auditor has identified that season tickets and grazing rights income is accounted for on a receipts basis as against making accruals which would result in a £30,000 movement between income and deferred income.

The auditor has identified two transactions (£420.67 in respect of car park season tickets and £250.00 in respect of grazing rights, out of a sample totalling £162,000), where income relating to 2022/23 was accounted for in 2023/24. No adjustments (accruals) were made to the financial statements for 2022/23 to reflect this income. This is because the Council has a policy of not making accruals for less than £500, as officers deem amounts below £500 to be non-material.

The external auditor has extrapolated the impact of the £670.67 non-material cut-off amounts to arrive at a misstatement of £30,000.

Officers' view is that such amounts are not material and would involve unnecessary officer time to address. Therefore, we have chosen not to adjust the financial statements for 2022/23 for £670.67.