

Our Ref:

Dear Sirs

This representation letter is provided in connection with your audit of the financial statements of Lewes District Council ("the Council ") for the year ended 31 March 2020 for the purpose of expressing an opinion as to whether the financial statements give a true and fair view of the financial position of the Council as of 31 March 2020 and of the results of its operations, other recognised gains and losses and its cash flows for the year then ended in accordance with the applicable law and the CIPFA /LASAAC Code of Practice on Local Authority Accounting 2019/20.

We confirm, to the best of our knowledge and belief, the following representations.

Financial statements

1. We understand and have fulfilled our responsibilities for the preparation of the financial statements in accordance with the applicable law and the CIPFA /LASAAC Code of Practice on Local Authority Accounting 2019/20 which give a true and fair view, as set out in the terms of the audit engagement letter.
2. The methods, the data, and the significant assumptions used by us in making accounting estimates and their related disclosures, including those assessing the impact of Covid-19 on the Council, are appropriate to achieve recognition, measurement or disclosure that is reasonable in the context of the applicable financial reporting framework. In particular, when assessing the impact of Covid-19 on the Council we have considered the impact on property valuations and recoverability of receivables.
3. Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of IAS24 "Related party disclosures".
4. All events subsequent to the date of the financial statements and for which the applicable financial reporting framework requires adjustment of or disclosure have been adjusted or disclosed.
5. The effects of uncorrected misstatements and disclosure deficiencies are immaterial, both individually and in aggregate, to the financial statements as a whole. A list of the uncorrected misstatements and disclosure deficiencies is detailed in the appendix to this letter.
6. We confirm that the financial statements have been prepared on the going concern basis and disclose in accordance with IAS 1 all matters of which we are aware that are relevant to the Council's ability to continue as a going concern, including principal conditions or events and our plans. We do not intend to liquidate the Council or

cease operations as we consider we have realistic alternatives to doing so. We are not aware of any material uncertainties related to events or conditions that may cast significant doubt upon the Council's ability to continue as a going concern. We confirm the completeness of the information provided regarding events and conditions relating to going concern at the date of approval of the financial statements, including our plans for future actions.

7. The measurement processes, including related assumptions and models used to determine accounting estimates in the context of applicable financial reporting framework are appropriate and have been applied consistently.
8. The assumptions appropriately reflect our intent and ability to carry out specific courses of action on behalf of the entity where relevant to the accounting estimates and disclosures.
9. The disclosures related to accounting estimates under the entity's applicable financial reporting framework are complete and appropriate.
10. There have been no subsequent events that require adjustments to the accounting estimates and disclosures included in the financial statements.
11. The Council has satisfactory title to all assets and there are no liens or encumbrances on the Councils assets and assets pledged as collateral
12. We have recorded or disclosed, as appropriate, all liabilities both actual and contingent
13. We are not aware of any deficiencies in internal control other than as raised in audit process, by internal audit, or disclosed in the Annual Governance Statement.
14. We have considered the accounting for inventory (total value £79k), which as disclosed in the financial statements is not accounted for in accordance with IFRS (as is on a "last invoice" basis). We confirm we do not consider this area of non-compliance to be significant to the financial statements.
15. We have reviewed our provisioning for NNDR, Council tax and HRA debtor provisioning, and consider the assumptions in respect of recoverability and outturn of NNDR appeals to reflect our best assessment of these balances.
16. All minutes of member and management meetings during and since the financial year have been made available to you.
17. With respect to the revaluation of properties in accordance with the Code:
 - a) the measurement processes used are appropriate and have been applied consistently, including related assumptions and models; the assumptions appropriately reflect our intent and ability to carry out specific courses of action on behalf of the entity where relevant to the accounting estimates and disclosures;

- b) the disclosures are complete and appropriate.
- c) there have been no subsequent events that require adjustment to the valuations and disclosures included in the financial statements. The information supplied for the valuation of the Council's property and investment property assets includes up to date rental and other relevant data to inform the valuation, and there are no circumstances we are aware of that would impact upon the valuation of assets (such as issues with condition) that have not been shared with the valuer.
- d) we have considered the movement in property values between 31 December 2019 and 31 March 20 and do not consider this material to the financial statements.

A national issue emerged in 2023 regarding the use of Reinforced Autoclaved Aerated Concrete (RAAC) in public sector buildings. Buildings with this material have been found to be structurally unsound and, in some instances, were closed due to safety concerns. We reviewed the work performed by the Council to consider the potential for presence of RAAC in the Council's estate, and assessment of the risk against the value of properties not yet inspected and consider the risk in remaining assets to be inspected to be immaterial to the financial statements.

As part of the analysis of these issues, a historic issue was noted in presentation of revaluation gains in 2015 which resulted in a classification error between the revaluation reserve and the capital adjustment account of £10.3m. This has been corrected in the current period, rather than through restatement. We concur with management's assessment that this classification error did not require restatement.

We have considered the valuation of the Council's Property, Plant and Equipment, and are not aware of any circumstances indicating volatility in asset values for properties not revalued in the year that might indicate a valuation is required.

We have considered the valuation of the Council's Property, Plant and Equipment, and we are not aware of any other errors or inconsistencies, and the overall valuation movement recognised is in line with that expected from the work of the valuer.

- 18. We have reconsidered the remaining useful lives of the Council's Property, Plant and Equipment and confirm that the present rates of depreciation are appropriate to amortise the cost or revalued amount less residual value over the remaining useful lives.
- 19. Except as disclosed in Note 18 to the accounts, as at 31 March 2020 there were no significant capital commitments contracted for by the Council.
- 20. We assessed the Money Market Fund balances as meeting the definition of a cash

equivalent at the time of deposit (with the terms of the funds meaning that readily convertible to a known amount of cash and subject to an insignificant risk of changes in value), with the purpose of the deposit being to meet short-term cash commitments (rather than for investment).

21. Except as disclosed in Note 18 to the accounts, as at 31 March 2020 there were no significant capital commitments contracted for by the Council.
22. We are not aware of events or changes in circumstances occurring during the period which indicate that the carrying amount of fixed assets or goodwill may not be recoverable.
23. We confirm that:
 - all retirement benefits and schemes, including UK, foreign, funded or unfunded, approved or unapproved, contractual or implicit have been identified and properly accounted for;
 - all settlements and curtailments have been identified and properly accounted for;
 - all events which relate to the determination of pension liabilities have been brought to the actuary's attention;
 - the actuarial assumptions underlying the valuation of the scheme liabilities (including the discount rate used) accord with the directors' best estimates of the future events that will affect the cost of retirement benefits and are consistent with our knowledge of the business;
 - the future salary increase assumption is reasonable and in line with our intentions;
 - the actuary's calculations have been based on complete and up to date member data as far as appropriate regarding the adopted methodology; and
 - the amounts included in the financial statements derived from the work of the actuary are appropriate.
24. We confirm that all of the disclosures within the Narrative Report and Annual Governance Statement and in the remuneration disclosures within the financial statements, have been prepared in accordance with the relevant legislation and guidance.
25. We have performed an assessment of the impact on the financial statements of events in Russia and Ukraine and as disclosed to you we have concluded that there is not an impact
26. We confirm that:
 - (i) we consider that the Council has appropriate processes to prevent and identify any cyber breaches other than those that are clearly inconsequential; and

(ii) we have disclosed to you all cyber breaches of which we are aware that have resulted in more than inconsequential unauthorised access of data, applications, services, networks and/or devices.

Information provided

27. We 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 matters;
 - additional information that you have requested from us for the purpose of the audit; and;
 - unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
28. All transactions have been recorded and are reflected in the financial statements and the underlying accounting records.
29. We acknowledge our responsibilities for the design, implementation and maintenance of internal control to prevent and detect fraud and error and we believe we have appropriately fulfilled those responsibilities.
30. 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.
31. We are not aware of any fraud or suspected fraud that affects the Council and involves:
- (i) management;
 - (ii) employees who have significant roles in internal control; or
 - (iii) others where the fraud could have a material effect on the financial statements.
32. We confirm that:
- (i) we consider that the Council has appropriate processes to prevent and identify any cyber breaches other than those that are clearly inconsequential; and
 - (ii) we have disclosed to you that we are not aware of any cyber breaches that have resulted in more than inconsequential unauthorised access of data, applications, services, networks and/or devices.
33. We have disclosed to you all information in relation to allegations of fraud, or suspected fraud, affecting the entity's financial statements communicated by employees, former employees, regulators, or others.

34. We have disclosed to you all known instances of non-compliance, or suspected non-compliance, with laws, regulations, and contractual agreements whose effects should be considered when preparing financial statements.
35. 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.
36. 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 applicable financial reporting framework. No other claims in connection with litigation have been or are expected to be received.
37. We have no plans or intentions that may materially affect the carrying value or classification of assets and liabilities reflected in the financial statements.
38. The Council's Barclays bank accounts in relation to its Newhaven Enterprise Centre ("NEC") site were managed in the period by a third party. The Council does not have full access to these bank accounts with the only access available being "read-only" access. This is contrary to the agreement that the Council had with the third party, which has since been terminated. We confirm that we consider that the balances remained assets of the Council throughout and are appropriately presented as cash, and that full recovery of the balance is expected.

We confirm that the above representations are made on the basis of adequate enquiries of management and staff (and where appropriate, inspection of evidence) sufficient to satisfy ourselves that we can properly make each of the above representations to you.

Yours faithfully

Signed on behalf of Lewes District Council

Appendix 1

Schedule of Uncorrected Misstatements

Description	Assets DR / (CR) £	Liabilities DR / (CR) £	Prior year reserves DR / (CR) £	Income Statement DR / (CR) £
Understatement of NNDR Provision figure		(185,719)		185,719